

**China – a new Social-Imperialist power!  
It is integral to the World Capitalist-  
Imperialist system!**

**Central Committee  
Communist Party of India (Maoist)**



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## **Note**

The Central Committee of the CPI (Maoist) wrote the document 'China – a new Social-Imperialist power! It is integral to the World Capitalist-Imperialist system!' and released it in 2017 July. Later the CC received certain suggestions, comments and amendments from few of the CC comrades and comrades of the State Committees. The CC discussed those and is releasing the amended document.

2021 January

Revolutionary Greetings

Central Committee

CPI (Maoist)

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China – a new Social-Imperialist power!

It is integral to the World Capitalist-Imperialist system!

First Edition: July 2017

Second (Amended) Edition: 2021 January

A Document of Central Committee, Communist Party of India (Maoist)

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## Foreword

The Unity Congress-Ninth Congress of CPI (Maoist) in January 2007 decided to study the social, economic, political, cultural and military changes in revisionist-capitalist China. The responsibility of implementing this decision was given to the Central Committee. According to the decision of the fourth meeting of the CC, it took up the study of developments in China and whether it changed into a social-imperialist power. After a study the fifth meeting of the CC took it up for discussion. It decided that the 'Present China became a new Social-Imperialist power, it is integral to the World Capitalist-imperialist system and it became an enemy of the oppressed nationalities and people of the World'.

With the aim of making the World Socialist Revolution a success, the Marxist-Leninist-Maoist parties, groups and forces across the world have to consolidate workers-peasants, the rest of the oppressed masses and the oppressed nationalities and advance the revolutionary movement in order to eliminate revisionism, imperialism in the world and Chinese Social Imperialism and counter revolution that at present turned to be an enemy of the world masses. Both of these will be the main tasks of Communist parties and organisations that have revolutionary proletariat internationalism. The character of Chinese Social-Imperialism must be exposed to fulfill these tasks. We have to understand the development of China as an important competitive imperialist power and its development and thus the actual friends and foes as per the class polarization in the world. We have to correctly analyse the intensifying basic contradictions in the world and the specific conditions of the same. Unless we study these issues we cannot understand or correctly analyse the contradictions in the contemporary imperialist system, the politics of modern revisionism and modern wars.

The twentieth century has proved the formulation of Lenin that

'Imperialism is the Highest stage of Capitalism', that Imperialism means nothing but war, it is on the death-bed and that Imperialism means the beginning of Socialist revolution. This applies even today. War is the highest form related to the division and re-division of the world by imperialism for its profits. It enters into conflict for world hegemony. It gains heavy monopolist profits through war. Wars are inevitable so long as imperialism exists. Imperialism extends to backward areas to unleash exploitation and oppression in neo-colonial forms. It is a blood-sucking monster regarding the oppressed nationalities and people in the present world. It is putting them to severe difficulties. Lenin repeatedly said that 'imperialism only created modern wars'. The two World Wars that took place in the first half of the twentieth century were the wars between the imperialists for the division and re-division of the world. Mao said that 'Imperialist world wars broke as a result of the attempts of the imperialist countries to overcome the new economic and political crises'.

US imperialism exploited properties across the world only through wars. The US monopoly organisations sold off weaponry on a large scale and had wind-fall gains in both the World Wars. Thus US became an imperialist superpower and dominant power in the world. Since US imperialist economic system turned to be a war economic system its concentration was mainly on wars. It constantly indulges in occupational wars. We can see this in the wars starting from Korea and Vietnam to those in Afghanistan, Iraq, Libya and Syria. So until imperialism exists the source of modern wars too would continue to exist. If wars are to be eliminated, the whole capitalist-imperialist system is to be eliminated.

In most of the wars that developed and took place in the developed and backward countries as a part of the Cold War between the two super-powers (US and the then Soviet Union) after the Second World War, they were either a direct or an indirect part of it. In such 125 local wars, civil wars and armed conflicts in Asia, Africa and Latin American countries in

1945-1990, four crores of people died and crores of people were injured. The amount of economic loss in these wars was much more than the total amount of loss in the Second World War.

There were many such wars since 1990. In the twenty-first century the conspiratorial military coups of the US Army in Honduras, Ukraine and Egypt; Parliament coup in Brazil; military interference of US allies in twenty countries led directly or indirectly to the death of 3 crore 20 lakh Muslims; in Africa, the secular and rich country Libya that once provided maximum shelter to the refugees of the world was destroyed and more than half of its population was displaced; Hundred crores of people are living in utter poverty and malnutrition for a long time; one crore and 70 lakh people, half of them children, are dying every year; since US set aside people's welfare and is spending 40 trillion dollars on a protracted basis to fulfill the increased expenditure of Israel and trillions of dollars to massacre Muslims in the name of 'War on Terror' (War on Muslims), 17 lakh US citizens are dying every year.

Five lakh people died and nearly twenty lakh were injured due to the attacks in the leadership of US imperialists for more than five years to bring down Bashar al-Assad government in Syria. One crore and twenty lakh people were displaced in this war and migrated to the neighboring countries and European countries. The secular society in which many ancient traditional tribes lived in peace and harmony was destroyed. The imperialist occupational wars going on in Afghanistan, Iraq, Libya, Syria and other countries has led to the death of lakhs of people. Many more lakhs of people have been injured and lakhs of people are increasingly migrating to the neighboring countries and European countries.

Imperialists and revisionists create tales and put the people in illusion about the changing conditions in order to protect the imperialist system and to deceive the people of the world. We must expose and defeat these tales time to time. The general political reactionary nature of imperialism

is a natural political reflection of the monopoly capitalist economic system. Imperialism unlimitedly expands its state mechanism to implement fascist dictatorship and to suppress the people. The more the suppression the stronger is the resistance. The oppressed nationalities, worker-peasant, petty bourgeois and other oppressed masses are making relentless revolutionary struggles against imperialism. Our Party CPI (Maoist) is making best efforts to unite the oppressed nationalities and masses with the objective of eliminating imperialism from this earth and establish Socialism-Communism all over the world. It leads them and fights together with them.

In the conditions where China came forth as Social-Imperialism, the proletarian parties across the world must develop tactics accordingly. Oppressed nationalities and people must be mobilized in the proletarian leadership in World Socialist Revolution depending on these tactics. So the Central Committee of our Party is releasing this document to explain how the once Socialist China turned into a Capitalist country and an imperialist power and the tactics against this. Let us study this deeply. Let us analyse and synthesise in the light of the three aspects and five basic characteristics of imperialism that the great Marxist teacher Lenin taught and come to a scientific understanding in the light of MLM.

### **1. Socialist Revolution, 1949-1976**

In 1949, when New Democratic Revolution was accomplished in China, Communist Party of China took up the policy of 'three years of preparation and ten years of planned economic construction' in the guidance of Mao. Consequently, by 1956 individual ownership was basically abolished in agriculture, handicrafts, capitalist industries, trade and instruments of production. Collective method came into practice in agriculture all over the country. Socialist transformation was completed primarily and Socialist society was formed in China. New Democratic state of China turned into

a Socialist state. Instead of aspiring for profits, in Socialism, schemes were brought for production to fulfill the necessities of the society. During this period Socialist China did not have any internal or external loan. It played the role of a revolutionary base for advancing the World Socialist Revolution. After the restoration of Capitalism by the Khrushchev clique in Soviet Union the only country independent of the World Capitalist-imperialist market system and of the areas controlled by the two super-powers (US and Soviet Union) was Socialist China.

Basing on the policy of 'self-reliance', the movements of 'Great Leap Forward' and 'Grasp Revolution, Promote Production' were taken up in Socialist China. Depending on agriculture and industry (walking on two legs), it brought forward the understanding of advancing with independent technology and indigenous sources by coordinating class struggle, struggle for production and scientific experiment. There were revolutionary changes in agricultural and industrial sectors. The living standards of the workers and peasants improved to a considerable scale. Unemployment was abolished. Everyone was assured of work.

During the decade of the Great Proletarian Cultural Revolution there was an average increase of 13.5 per cent in the industrial production of the country. The rate of industrialization in this period was more than in any other country. It exceeded the industrial growth of Germany, Japan and Soviet Union. Though there were slight hurdles from the revisionists in the GPCR period the growth in production continued. There was a 9.2 per cent growth rate in coal, chemicals and production of electricity per annum. There was severe class struggle against the counter-revolutionary line of the revisionist theory of 'forces of production'<sup>1</sup> that the Capitalist-roaders Li Shao-Chi, Lin Piao and Deng Hsiao-ping brought forth. There was a sharp and complex struggle in the theoretical sphere between Marxism-Leninism-Mao Thought and revisionism. 'New Socialist things' came forth in the fields of education, democratization, industries, agriculture, in fighting patriarchal domination, in removing the inequalities

between women and men, healthcare, culture and military fields. Thus, GPCR destroyed two bourgeois headquarters of Li Shao-Chi and Lin Piao. It prevented the restoration of capitalism for ten years.

In the leadership of the great Marxist teacher Mao, the Communist Party of China built a society in this world with no considerable disparities within three decades. The workers, peasants, military, women, students, intellectuals and other oppressed masses worked hard to transform their motherland into a modern industrial country and an very advanced political, economic, social system where each and everyone gets free medical care and free education. They developed the country into the sixth biggest industrial productive force.

Anyhow, conditions for the existence and the rise of bourgeois class and reactionaries will still continue in the Socialist state. At that time there were 8 grade wage disparities according to the production of material, consumption through money and distribution as per work. There was money and a few instruments of production in the hands of the classes that lost power. The peasantry and middle classes had little property. This is the basis for small-scale production. This gives rise to Capitalism and bourgeois class in a large scale. There were disparities between physical labor and mental labor, between workers and peasants, between towns and villages, between agriculture and industry, between different areas and between different nationalities. The exploitative culture, traditions and habits that will give an opportunity to disrupt the Socialist economic basis will continue in the superstructure. Imperialists, reactionaries and revisionists form a 'sacred alliance' from which they gain support in every way. New bourgeois forces rise due to the growth of these capitalist factors. So we have to constantly revolutionise the relations of production in order to develop the superstructure and the forces of production according to the Socialist economic base. Proletarian dictatorship has one most important task of creating the conditions in which the bourgeois class cannot exist and a new bourgeois class will not

rise. Such conditions will arise only after a social transformation according to the laws of social development process of a protracted historic phase. This would not happen according to one's wishes.

The few Capitalist-roaders who seized top power in the CPC utilized exactly these conditions and started to restore Capitalism. They implemented the revisionist theory of 'forces of production' in a secret and open manner. The Great Proletarian Cultural Revolution continued in the leadership of the CPC for ten years in 1966-76 according to Mao's teaching of continuing the class struggle in Socialism by exposing their conspiracies and continuing the revolution until the objective of Communism is achieved and according to his call, 'Bombard the Headquarters'. Anyhow, the capitalist roaders in the leadership of Hua-Deng seized power through counter-revolutionary armed conspiracy and were successful in reversing the victories of the Cultural Revolution. They could systematize capitalism in theoretical, economic, political and cultural fields. They could change the Communist party into a revisionist party, the proletarian dictatorship into a bourgeois dictatorship and the Socialist country into a Capitalist country and accomplished their objective. Thus, capitalism was restored in China and the world proletariat faced historic defeat once again.

We can understand this process of development in capitalist restoration in China and the qualitative changes in only from a historical materialist perspective. Development means motion or change that takes a thing or process from lower level to higher level, from simple to complex structures. In the process of development there will be irreversible changes in the internal structure of that thing. New properties and characteristics accrue to the thing. Development is never a smooth and straightforward advance. It is a complicated movement of advance and retreat. Ultimately the world is moving in the direction of development, which means that with the motion of advance and retreat. There is no chance that the earlier Social system revives as it is. Previous stages which

pass away in history cannot be revived. Then how about restoration of capitalism in Russia and China? Is this not a revival of previous stages? No! Why? Because socialism is only a transitory stage between capitalism and communism. By itself it is not a new stage of social development. During the whole period of social transformation there will be a struggle between revolutionary and counter-revolutionary forces. The material basis for capitalist relations continues in socialism. That is why capitalist restoration of a new kind is possible during this period. Restoration of capitalism is not tantamount to revival of capitalism. Victories and defeats go on occurring.

China was independent from the external imperialist world during the period of Socialism. It was no longer really “undeveloped” at the time of Mao’s death. It had already made major advances in the independent development of its economy during the period of socialism. Even more important, the bureaucratic capitalist class that emerged from the Party leadership during the period of restoration of capitalism in China was independent of foreign imperialist control. This was the class that seized power after the demise of Mao. There is no chance for this class to revive the old semi-colonial, semi-feudal system. It is because the interests of this class are entwined with the development of monopoly capitalism. As a part of it this class first established control on the economy of the country and later took up several reforms. In a process it established state monopoly capitalism with Chinese characteristics.

## **2. The situation in revisionist China after the restoration of Capitalism**

After the demise of Mao the revisionist and renegade Hua-Deng reactionary clique strengthened their position in the party waving the red flag only to deceive. They moved forward step by step by unleashing

their hideous conspiracy. Hua-Deng line is the continuation of the counter-revolutionary line that Li Shao-chi and Lin Piaobrought forth. They thus proved to be die-hard capitalist-roaders. Comrade Mao Tse-tung said— ‘When revisionism comes to power it means that bourgeois class came to power’. ‘Presently Soviet Union is in the hands of the dictatorship of the Big bourgeois class, German fascist kind of dictatorship, Hitler kind of dictatorship and other such bourgeois class dictatorship’. Mao said thus about these renegades in the period of GPCR – ‘The representatives of bourgeois class are counter-revolutionary revisionists who penetrated into the Party, Government, Army and various cultural fields. When conditions mature they would change the proletarian dictatorship into bourgeois class dictatorship’.

These revisionists initially covered themselves with revolutionary ideology to disarm the people theoretically/ideologically. They took up the task of molding the people ideologically according to the restoration of capitalism in a distorted manner. For this purpose the clique utilized domestic and foreign reactionaries of the imperialists and Social-Imperialists of Soviet Union. Deng revisionist clique published many serial articles openly accusing all the revolutionary values planted in the brains of the people in the leadership of CPC guided by Mao. They termed GPCR as adventurous and rejected each and every aspect related to it. They totally rejected the values of politics, revolution, class struggle, social-political-economic equality, democratization of society, self-reliance, proletarian dictatorship and destroyed the Socialist society. These traitors made numerous wrong allegations against Mao. Deng revisionist clique brought forth pragmatism<sup>2</sup> as an alternative to Marxism-Leninism-Mao Thought through all these articles. The capitalist-roaders in the leadership of Deng undermined the prestige of the followers of Mao, conspiratorially arrested, suppressed, killed and hanged them to death and strengthened their position.

Deng clique published many articles propogating political stability,

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discipline, economic growth, material incentives, skill, foreign technology and the necessity of reforms to open up. Thus, it paved the way for the restoration of capitalism in a big way.

Deng clique restored capitalism through expanding bourgeois rights in all aspects related to relations of production. As Deng said, 'Neither reforms nor opening up is wrong. China should never again become a country of closed doors. The leadership must try to achieve coordination between planned Socialist economic system and market economic policy. There shall not be any change in this policy'. With this the contradiction between socializing production and the system for private production and consumption would come up as the main contradiction. This contradiction would lead to the following developments –

- Due to this contradiction there would be contradiction and competition between the private manufacturers. With this the poor would become poorer and the rich richer. This would lead to more polarization of the society. The rich would become capitalists. They would gain profits through exploiting the labour of the people. The poor would be degraded as wage labourers and sell their labour power for their livelihood. The trend of developing as capitalism is inherent of the market economic system.
- In order to socialize production (to develop capitalism), objective labour power and instruments of production must be freely available. Building market economic system means buying and selling labour power. Instruments of production are bought by investing 'capital'. Thus, the market system built through the socialization of production would definitely be capitalist market economic system. It would never be 'Socialist market economic system'. It can never be such a 'system'.

So to make 'reforms' for the construction of 'market economic system' would mean to make 'reforms' for developing capitalism. The objective

of these 'reforms' would be to develop 'Capitalism with Chinese characteristics' and nothing else.

China implemented reforms in the country from 1978-1989 in phases. These were said to be the first generation liberal economic reforms. The reforms after 1990s were said to be second generation liberal economic reforms.

### **First generation liberal economic reforms**

Agricultural reforms were taken up in China in 1979. In 1984, urban reforms were taken up. 'Doors were opened' to allow foreign capital. In 1980, China joined the IMF and WB. The Chinese revisionists became part of the world capitalist-imperialist system for their class interests. In China, the government capitalist economy was reformed as private monopoly capitalist in phases. As a result, there was a spate of privatization and large scale lay-offs and thus private capital emerged. Revisionist China restarted the capitalist 'law of value' that Marx analyzed. It means that the country's economy became a system that depends on the selling of labour power in the market. This led to the exploitation of workers, for the accumulation of capital, the effects and results due to this. Foreign companies entered China freely. While in 1982 there were twenty-six lakh private organizations, by 1983 they went up to fifty-eight lakhs. The World Bank gave a loan of 220 million dollars<sup>3</sup> to China for the expansion of railway lines.

Commune system was very strong in Socialist China. The revisionist leadership initially brought fundamental political changes to break its foundation. This formed the basis to achieve a leap in the development of capitalism. As a part of reforms in agriculture, they made changes in collectivization that reached a high level in the Socialist period. They abolished collective ownership of land, on domestic animals and on agricultural equipment and introduced the contract system. Gradually land was turned into individual property and the capitalist system was restored. The industries, trade, management of mines was under the collective

ownership of the communes; capitalist methods were implemented in place of the socialist system in the management of education, health, welfare of children and the old, entertainment and other such things.

The following main economic reforms were announced in agriculture –

1. Agricultural communes and Agricultural Cooperative organisations were abolished. The state took up contracts to buy agricultural products from every peasant family. Individual agriculture in the name of taking up contract responsibility on Village/Town basis was re-introduced.
2. The peasant families could sell any surplus product freely in addition to the quota of sale agreed in their contracts in the local market. Since the government widely propagated free trade regarding pulses, private traders of pulses emerged.
3. Along with the right to mobilise (voluntary) labourers for the service of the government in the duties of the communes, many powers regarding these were removed. The name of the power of the village or the town was changed. In addition to this, in order to provide incentive to increase production the procurement price of agricultural products was increased to twenty per cent. Due to all these, inequalities increased in the rural area in the utilisation of lands and in the ownership of domestic animals and agricultural equipment. According to the act amended in April 1988, the right to utilize land could be transferred. The peasants were put to market pressures leading to the unemployment of lakhs of farmers. Those who lacked livelihood became ‘free’ workers. According to an estimate, there were more than 15 crores of additional ‘free’ workers during that period in the rural area. These forces were used to develop rural companies, private companies and joint ventures of domestic and foreign capital. The local governments of China levied taxes on the peasantry to mobilise investments.

Coming to the urban reforms there were three main policies –

1. Many Sea-coastal provinces and cities of South China were brought under ‘Special Enterprise Zones (SEZs)’. Restrictions on small, middle-scale private businesses, foreign trade and commerce were removed in these zones.

2. Formulating uniform economic plan through the state was abolished. The main objective of running the companies was profit. Instead of socialist relations with mutual support and coordination according to a uniform government plan, the relations between the companies became capitalistic with competition in free market and antagonism. 3. Most important one is was that government finance and plan were re-constituted.

Deng revisionist government did not utilize the private sector, did not impose restrictions on it, did not transform it and gradually eliminate it, but followed a policy without any rules and regulations. They destroyed the industries in state ownership (i.e., in the ownership of all the Chinese people) that played the most decisive role for a long time in the economic system. Ownership was divorced from management. Qualified Managers were selected through competition. They were given all the responsibilities. Depending on their economic performance they were given rewards, their properties were increased or decreased and compensation was also imposed. The rights of ownership of all the people were put aside. They started selling off small companies to communities and individuals. A few were given to the earlier owners too.

In the market system in China, as Deng said, 'not only a commodity market and a policy of production for consumptive commodities, but there would be markets for the aspects necessary for production – for example funds, labour, technology, information and real estate. Revisionists implemented the following forms of distribution since the period of first reforms (1979-89). They were – interest would be paid to those who buy bonds; shareholders would get dividends; there would be additional income for the managers who take risk; the owners of private companies who engage workers in a specific number would gain income without any difficulty.

In this period of first reforms a policy of 'opening the doors for the

outside world' was implemented to invite imperialist forces to exploit China. Foreign companies could avail expected facilities. State monopoly on foreign trade was abolished. State allowed companies to conduct foreign trade independently. China became an inseparable part of the world imperialist market by becoming a market for the imperialist commodities and through opening up doors for their capital. Special right was given for the foreign companies to gain more profits. The right to decide wages and salaries and to retrench workers according to their wish is an example of this. By 1994 they agreed to invest nearly 150 billion dollars<sup>4</sup> of foreign capital in one lakh 86,000 companies with foreign investment.

The Profit Partnership Agreements<sup>5</sup> led the local government officers and factory managers to hunt for profits. This happened in the SEZs. The lifting of restrictions on trade and commerce in the SEZs gave way to the Chinese trading class in Taiwan, Hong Kong and East Asia to send small amounts to their country and thus to the development of small-scale business and industries in the private sector at a fast pace. So there was a demand for workers in the private sector. Labourers from the peasantry who lost their livelihood due to industrial manufacturing supplies from the central government sector and due to the agricultural reforms fulfilled this demand. Thus Chinese business class obtained the way and opportunity to utilize the profits they gained and this led to the expansion of capitalist production. With this the production of urban cooperative organisations, Town and Village Enterprises (TVE) or the business enterprises developed on a big scale and led to capitalist economic development. This started to lose control speedily.

Due to high profits of the private business class and the revenue partnership agreements the central government faced a big deficit in its budget. Since there was a rise in the budget deficit of the government and loan was easily available through the un-reformed banking sector there was a rise in inflation and a deficit in foreign trade. As a response to

the inflation crisis, the government tried to balance it by withdrawing investment from the central government sector. This helped to save the government capital and also to reduce the budget deficits. As a result the planned production quotas in the central government companies decreased. Later a big part of the production in these companies was allowed to be sold in the market. Thus, there was a reduction in the market price of products from heavy industries sold to the non-government sectors. In order to rectify these economic inequalities some more liberal reforms were taken up.

Initially, they reformed the system of central government organisations to mold them as more profit-oriented business organisations. They enhanced the power of the factory managers and directors in running their factories. They reduced the political interference of the Party secretaries in the functioning of the companies. With the introduction of Profit Partnership Agreements, they enhanced the powers of the related ownerships to decide on production and investments. The managers of specifically selected few central government organisations abolished national wage salaries and introduced the method of payment according to production. Employment contracts with a time limit were introduced. Secondly, they tried to reduce control over government funds. Life-long employment guarantees were officially abolished and in this place discussions were held about the revenue and share of profits with each and every specific local organ of the government and a standard universal tax system was introduced. The amount of revenue and the share of profits were procured not as a specific whole but in the ratio of profits. Lastly, the banking system was reconstituted on a more centralized basis.

Under proletarian dictatorship Socialist China implemented a commodity economic system and eight-grade wage system. Though there was not much variation in the eight-grade wages, the then Socialist government took up a policy to gradually reduce them. Even if there were differences workers enjoyed security of work, low house rent, free health

care, economic help for pregnant and new mothers, compensation in case of loss to the workers, various kinds of insurances, pension, entertainment, school and other such facilities. There was no unemployment, begging and slums in Socialist China (1949-76). After the counter-revolutionaries seized power and implemented ill reforms in the name of 'Special Socialist system with Chinese characteristics', all the aspects related to capitalism harmful for the people deeply penetrated the society. All these harmful aspects reflected in each and every field related to life. Poverty, unemployment, hoarding, corruption, smuggling, prostitution, amniocentesis, smuggling of narcotics, kidnapping and selling women and children, theft, atrocities and murder of women, beauty pageants and other such harmful aspects came up.

The attempts to increase the support prices to stimulate high agricultural production led to the intensification of the problems that came up through inflation in the urban areas. When the government gave subsidy for food the deficit of the government would be much more. Or if food prices increased, it increased the unrest among the urban working class who were already suffocated with the hike in the prices of essential commodities. By the end of 1980, the increasing economic and political problems led to the reduction of the liberal reforms.

Along with the development of capitalist relations of production in China, a small private capitalist class started emerging. In 1990 there were 98,000 private organisations. The total capital of these was 4.5 billion Yuan<sup>6</sup>. This private capitalist class was not part of the ruling class. It did not have political power. It gained profits through exploiting the labourers it engaged. Due to the contradictions between the bureaucratic government capitalist class and the private capitalist class, private capitalist class brought forth the slogan of need for political 'democracy' to achieve transformation towards 'free market economic system for all'. It means 'free market economic system' needs legal rule, protection from bureaucratic government, clear rights over private property and multi-

party system. Bureaucratic government capitalist class accumulated hundreds of billions of Yuan of private property. The CPC had all kinds of controls over the government property as the ruling class. Bureaucratic government capitalist class utilized its political power to achieve monopoly profits. This controlled the class interest of private capitalists. So the private capitalist class demanded democracy. A small group (minority) in the revisionist CPC supported this movement. The majority in the leadership of Deng opposed this movement and suppressed it. The Tiananmen Square incident<sup>7</sup> of 1989 was the result of this. JaoJi-yang who played the main role in introducing the later reforms was removed from his post. The process of reforms suddenly slowed down.

After China transformed into capitalism in the leadership of revisionist Deng, all these industries first remained in the ownership of the state (government). So, Chinese economic system was totally state (government) capitalism. As a part of the 'reforms', the state monopoly capitalism transformed partly into private monopoly capitalist system. It means since China changed partly into Western style<sup>8</sup> private monopoly capitalism, the capitalist imperialism in China seems to be like that in the US, Europe and Japan. When capitalism was restored in the Soviet Union it implemented state monopoly capitalist policy.

After the traitorous clique of Khrushchev and Brezhnev seized the Party and all the powers of the government in the Soviet Union, the Russian bourgeois privileged stratum widened its political and economic power on a large scale. This privileged stratum strengthened its dominant position in the Party, government, army, economic and cultural fields. This privileged stratum absolutely came to be a bureaucratic monopoly capitalist class that controls the state mechanism and the social property. This new bureaucratic monopoly bourgeois class utilized state power under its control to change the Socialist ownership into the ownership of capitalist-owners, the Socialist economic system into a capitalist economic system and into a government monopoly capitalist economic system.

## **One Party government hegemony continues**

Both the integrity and specialty of the Chinese ‘red’ bureaucratic capitalist class played the central role in suppressing the 1989 Tiananmen Square incidents. These incidents once again proved that capitalism is against democracy by its nature and that that would be a system of social suppression. They suppressed the people’s struggles through cruel violence and force and only thus could impose capitalist fascist suppressive system on the toiling masses. They could thus pave the way for the development of capitalism.

## **Second generation reforms**

The revisionist CPC was shocked with the Tiananmen Square incidents and the disintegration of the Eastern Block (Eltsin implemented reforms to open up free market system for all the bourgeoisie in East Europe and USSR). So it reconstituted central control on Party-government system that became loose through the first generation reforms. The leadership of CPC regained its control on the distribution of government budget. It re-established financial and economic stability. Deng introduced second generation ‘reforms’ after his visit to the SEZs of South China in the summer of 1992. The first important aspect of these reforms was to expand the SEZs to many more cities and states. These reforms did not give way to the incidents that occurred outside China (Eastern Europe, USSR) and took a different new direction with Chinese characteristics.

By the beginning of the 1990s, foreign capital was waiting for extensive opportunities if there was a chance to utilize cheap and favorable labor power. It means that MNCs were waiting for a chance to penetrate into the Chinese public sector companies. Along with this, since China achieved skill in wage-labor and also due to the accumulation of capital in Socialist economic policy and during the first generation reforms, it was relatively stronger than the other economic systems of East Asia. Due to the broad industrial basis China had the favorable factor to provide vital local inputs<sup>9</sup>

and services. China also had relatively developed social, economic basic infrastructure to help industrial production.

Anyway, a trade system that abided and also did not abide the regulations in China was closely related with the Party-government systems during these second generation reforms. There was less opportunity for foreign capital. Foreign capital had to make agreements with the Chinese government to make large-scale profits. With a strong economic system the Chinese government was in a position to strongly bargain with the main multi-national corporations. It imposed conditions on them. When foreign capital directly and really took the form of productive capital, i.e., if it was in specific forms like plants and factories that manufactured machinery, they allowed foreign capital. Normally it took the form of joint ventures of government corporations and Multi-National Corporations regarding large-scale investments. The government generally gained from a control on these. The Multi-National Companies of these joint ventures provided modern plants, modern technology in the manufacturing companies of machinery, technical experience in utilizing them and management skills. These companies also provided marketing, sales and distribution network necessary to sell the products in the world market. In return Chinese government provided them workers' residences, roads, communication networks, cheap, favorable labor power that was often supplied through the government employment exchange of China and other such social, economic basic infrastructure. The profit on these joint ventures was shared between the government and the Multi-National Companies.

Until 1992, foreign investment mainly came from Hong Kong, Taiwan and a little from Japan mainly as small and middle level investments. In these second generation reforms the government started allowing heavy investments with a new accommodating attitude. As a result, FDI that was a little more than one billion The US dollars in 1992 went beyond 50 billion The US dollars by 1994. With the spate of this FDI, export-oriented

manufacturing industries developed speedily.

This spate of FDI brought many immediate benefits to the Chinese government. Firstly, in the process of profit flow from joint ventures into the government treasury, government could fulfill the deficit in its budget. Secondly, due to this FDI, foreign trade deficit of China transformed into trade balance in the process of increase of exports. Thirdly, joint ventures created employment, expanded business affairs to the high level of government official mechanism through which the central government owned and operated them. By restructuring the decaying industries it created much more favorable conditions.

### **Restructuring Central Government industries**

In the 1980s the first generation reforms concentrated on small, middle level industries and agriculture. As the Urban Cooperative Organizations, the Town and Village Enterprises or the Business Organizations, private business and industries expanded the investments in the big-heavy industries in the ownership of the Central Government decreased and their development slowed down. They concentrated on Central Government sector in this second generation reforms. The 15<sup>th</sup> Congress of the CPC in 1997 announced that they would totally restructure the Central Government sector. The objective of this is to transform the State Owned Enterprises – SOEs that came to be public sector organisations into profit-oriented corporations.

In this restructuring program the first measure was to mainly privatize small government owned organisations in the form of buying the management or the labor power of the workers. Second measure was to transform the rest of the government-owned organisations into joint stock companies. Though a few shares were sold to private investors of the newly established stock market in China, most of the shares were non-tradable. Normally the various organs of government had these shares. So majority of the shares in almost all the heavy industries in the country

transformed into those in the ownership of the government companies. The establishment of joint ventures with foreign capital was made very easy with the separation of ownership and management in the style of Western corporations. This facilitated the development of technology and modernization of companies. The third measure cleared the way to the process of corporatization. In this the public sector organisations, especially transformed into profit-oriented organisations. With this the working class was deprived of social benefits. It means that the government abolished the social benefits the workers-peasants achieved through revolution and socialist construction. This was nothing but a direct attack of the capitalists on the broad working class of China.

As a result of this decision there was a spate in privatisation, large-scale lay-offs and an increase in private capital. As a part of implementing of the law of value in the public sector economic organisations in the ownership of the Chinese government, there was an unscrupulous wave of Lay-offs. According to the official statistics of the CPC, they removed more than 60 lakh workers from the economic organisations/companies in the government ownership from 1998-2002. The companies were modernized for the sake of exports to stand up in the competition in the world market that led to the lay-offs of workers on a large scale. Another attack on the Chinese working class was, the right to life-long employment in the public sector organisations was abolished and contract labor system<sup>10</sup> was introduced. So the workers had to renew their contract with the management every year on individual basis. The workers retaliated for a long time but the bureaucratic government administration was successful in implementing this policy through fascist repression and through splitting the workers. Another example of the government attack on the Chinese workers was to introduce piece-rate wages. According to this the workers received wages depending on their work.

As a part of this restructuring program the public sector was considerably controlled. With this, production in China started taking place

mostly in the private sector. Private sector constituted nearly 70 per cent of the country's GDP. In between 1998-2010 the share of the public sector organisations in the industrial properties decreased from 68.8 per cent to 42.4 per cent, while the number of employees was reduced from 60.5 per cent to 19.4 per cent. The share of the public sector organisations in Chinese exports too came down to 15 per cent in 2010 from 57 per cent in 1997. During the 1990s thousands of public sector organisations became bankrupt. Many organisations were brought together and made into big units. With this the size of the public sector companies became less. The World Bank encouraged it thus – 'Many public sector organisations were corporatized, totally restructured (along with labor categorization). We hope they work on the basis of profit.....consequently there was an increase in the profits of the public sector organisations'. Due to this change both the government capitalist sector and the private capitalist sector increased their rate of profit.

Though the share of government capitalist sector is less it still had an important role. The static property investments of the Chinese private organisations in the public sector organisations amount to nearly 35 per cent. Two-thirds of the 500 major companies of the world are the public sector companies of China. The shares in the Banks, Insurance companies and very big public sector organisations are controlled by central State owned Assets Supervision and Administration Commission-SASAC.

### **New bourgeois class**

In China the revisionist ruling classes continued basing on oppression and exploitation of the toiling masses in the capitalist style, along with the development of capitalist relations of production. This government bureaucratic ruling class gradually transformed into bureaucratic monopoly capitalist class and private monopoly capitalist class.

China has advanced mainly on the basis of its own domestic capital. Revisionist political power adopted 'dual pricing system' through which

the state-owned enterprises could buy raw material at a lower rate and sell finished products to the private sector at a higher rate. This opened up the path to large-scale corruption. The higher-level cadres of the Party accumulated large capital from this. Thereafter, the children of these higher-level cadres penetrated every sector of the economy and established their dominance in every sector by using this capital, resulting in the formation of a powerful state monopoly capitalist class. The capitalist class that emerged from the bureaucracy and the capitalist class that emerged from the Party and subsequently the private capitalist class captured the Party posts. The gap between the state monopoly capitalist class and the private monopoly capitalist class got eliminated as a result of this process. These two classes are together in power. State capital and private capital are carrying on exploitation through the control of the state. Capitalism with Chinese characteristics is working in the form of state capital and as the essence of private capital. The central government that has monopoly on the few monopoly organisations have firm control on the finance capital of China. Four of the very biggest ten banks of the world are owned by China. The administrative system of these banks is in the hands of senior leaders of CPC. In a nutshell, this monopoly capital of the state is controlled by the bureaucratic monopoly capitalist and private monopoly capitalist classes and it is they who manage it.

The property of the government or the net property of the people need not necessarily transform into especially private property. It is because in the process of capitalist development the members of the ruling class accumulated private property through stealing the property of the government (the collective property of the people through deceptive methods. There is nothing that could stop them from doing so.

The main methods of the members of the ruling class for accumulating private property through stealing government property (property under the ownership of the people) in deceptive methods were like this –

*(Development of Capitalism in China-Class struggles – Li Minqui) –*

**1. Selling and buying with bureaucratic power** – According to the official estimates of Chinese experts, the total ‘income’ (non-productive profit achieved through monopoly power) out of the ‘variations in prices’, ‘variations in interest’, variations in exchange rate’ and other such things would be 400 billion Yuan. Forty per cent out of it would go into the pockets of the members of the ruling class and those who are related to them in various ways.

**2. Illicit trade with power in the bureaucracy**—‘Illicit trade with power in the bureaucracy’ (speculation) was not like ordinary commodities or services but the buying and selling of real estate shares and stock shares. Stock shares are same as illusory capital. Its value was many times more than that which comes from actual production. Though there is no natural value for land since it changed into commodity, its value reached millions or billions of Yuan in the transactions of land. Thus, the speed and scale of accumulating property through illegal trade with bureaucratic power was more than that of the buying and selling with bureaucratic power.

**3. Trade through bureaucratic power organisations** – In 1992 new companies in the country increased to two lakh twenty thousand. This was 88.9 per cent more than in 1991. The new companies were mostly run by the government organisations. The government organisations ran more than 60 percent of their business on their own.

People’s Liberation Army (PLA) too opened luxurious hotels. Factories under PLA ownership produced refrigerators, pianos, TV sets, and passenger planes for the market on a large scale. In the SEZ in Shen Jen there were nearly 400 sales offices of factories run by the Army.

Thus the business run by the bureaucratic power with monopoly power achieved much more monopoly profits than the ordinary profits.

**4. Comprador capital** – A few in the ruling class in China joined hands directly with foreign capital. They helped foreign capital to exploit Chinese

people. They gained share in the super profits gained through foreign capital. Foreign capitalists who wanted to escape trade control and various restrictions on capital searched ways to avoid taxes. They tried to gain cheap or free land and other interests. They needed the help of a few who could utilize their ruling class power for this purpose and act as comprador capitalists. The sons and daughters of high level (important) leaders of the CPC dominated the high posts of the public sector organisations. They collaborated with the very big banks and multi-national corporations of the US, Europe and Japan. Party, government and public sector organisations were closely interwoven without any differences.

There was severe loss in the income and property of the government since the ruling class stole the government property in a deceptive manner. This is one main reason for the financial crisis of the government. In order to overcome the financial crisis income has to be increased and expenditure has to be decreased. How to increase income? How to reduce expenditure by increasing the prices of essential commodities? There is no other way except for a cut in social welfare.

A handful of persons accumulated tremendous property through stealing the government property deceitfully. In the ultimate analysis this means that they could do so by exploiting the broad toiling masses. By 1993 three per cent (three crores) of Chinese population were from the rich class. From 1986 to 1993 one hundred billion Yuanworth of government property turned into the private property of the ruling classes. It means that they accumulated 800 billion Yuan of private property from 1986-1993. All of them are the members of bureaucratic capitalist power class. Thus, the exploitative ruling class of China could create a new bureaucratic monopoly capitalist class and a private monopoly bourgeois class. It means that bureaucratic monopoly capital and private monopoly capital are dominant in Chinese society.

## **Liberalization of trade-joining WTO**

When the public sector of China was being restructured, the crisis in East Asia in the end of 1990s was destroying Singapore, Malaysia, Indonesia and Thailand. With their class interests the imperialist forces of the US, Europe and Japan experimentally introduced capitalism in early 1990s to put up a wall against 'Communism' in the countries came to be known as East Asian Tigers. In order to allow the capital coming in the form of loan into their countries the East Asian Tigers loosened controls on capital. Western banks and investment funds were eager to buy shares in East Asian ventures with the hope to gain heavy profits in the 'brilliant economic system' of East Asia. Initially this spate of foreign finance capital helped to speed up the real accumulation of capital in the East Asian Tiger countries. It led to a sudden growth in East Asia.

Anyhow, the deficiency of labor power and decrease in growth increased and the rate of real accumulation of capital started slowing down. Such investments gradually acquired a speculative character. In 1997, there were no expected profits out of these speculative investments. So, foreign financial capital pushed out of these countries. As they ran after changing their investment capital into US dollars the national currency of East Asia Tigers could not withstand the US dollar. They fell one after the other. The crisis of East Asia of 1997-98 spread all over the world. At the time when world financial capital was scared of investing in such economic systems severe financial crises arose in South The US and Russia.

Though China was closely related to the accumulation of capital of East Asian Tigers it overcame this economic cyclone with not much difficulty. The main reason was that the government controlled its economic system. Chinese government could bind foreign capital to investment in the real productive capital that had a strong economic base. Chinese officers implemented strong controls on the flow of capital from

inside the country to outside. When there was a serious financial turmoil foreign capitalists could not withdraw their investment, i.e., they could not withdraw them from China. Thus, Chinese government could control the financial turmoil that rose from East Asian crisis.

But soon after the East Asian crisis there was a decrease in the incoming foreign capital to China. This led to the problem of accumulation of export-oriented capital. 'Go Global' policy that China initiated in 2000 helped to develop its FDI investments. For this purpose China accepted the conditions that in fact affected them (they were more unfavorable than favorable) to join the WTO in December 2001. As a result of this the tariff on imports was much less than in any other 'developing' country. There was a cut of 6 per cent in 40 per cent on an average and brought to 34 per cent. At the same time export subsidies were abolished. With this policy of economic liberalization the backward agriculture of China faced problems. But China's membership in WTO helped it limit the measures of the US against exports. So, Chinese government implemented to a large extent, the aspects and understanding it accepted in the WTO agreements in many things regarding trade, liberalization of industries and de-regularisation. By becoming a part of the WTO system China in a way accepted the new world system under the domination of the US. After the burst of the dot com bubble<sup>11</sup> of the US economic system foreign capital entered China and intensified the export-led development. In 2004 China became the biggest receiver of Foreign Direct Investment in the world. The ruling class of China did all this in a planned manner to compete with the US and other major imperialist powers. After it accepted the rules of the game, China too went forth molding them favorable for it. This relation that turned favorable between Chinese government and accumulation of capital is an inevitable condition for China to become a world economic power. This transformation would increase the control of the Chinese government. It would direct foreign capital so as to explore the labor power of the vast toilers in China and to integrate it in the

accumulation of world capital. Thus China became a part of world capitalist order and this gave a great momentum to the accumulation of capital.

### **3. China became an important economic power in the world**

With the intensification of capitalism during the second generation reforms in 1990 Chinese economic system developed rapidly. One aspect that mainly contributed to the speedy development of Chinese economic system is the government ownership of properties. So it utilized its profits for government capital or for providing subsidies for the FDIs or exporters. Thus, indirect investments were encouraged.

Government capital, FDI and exports became the three pillars of China's successful strategy that increased the export of maximum FDI-dependent growth. China's share in the overall world production increased on a big scale in the last two decades on the basis of GDP. While in 1991 China's production was 4.1 per cent of the world production, by 2011 it increased to 14.3 per cent. This made China the second largest economic system. At the same time the US's share decreased from 24.1 per cent to 19.1 per cent.

In the central manufacturing sector from where capitalist value rises, China's economic system reached the top position in the world. Thus, China occupied the position of the US that happened to be the producer of manufactured goods for the past 110 years. By 2011, one fifth, i.e., 19.8 per cent of the world's production came from China and 19.4 per cent from the US economic system. It means that China has become a very big exporter in the world. It is producing 50 per cent Cameras, 30 per cent Air-Conditioners, Television sets, 25 per cent Washing machines and nearly 20 per cent of the refrigerators. By 2010, it met more than 20 per cent of the market demand for cars. In 2003, the total exports of China reached 33 per cent of its GDP. Its value was 438.87 billion dollars. This was 18 per cent in 1996. Foreign investment companies of China

exported 240.34 billion dollars of exports. This was 62.4 per cent of the total exports of the companies.

The value of exports of manufactured goods was 403.56 billion dollars. This was 92 per cent of the total exports. Exports of more than 110 billion dollar value were high technology products. The value of processing business was 241.85 billion dollars. This was 60 per cent of the total exports.

The power of China's economy reflects in its few loans in the world financial market. Since the foreign loan of China is only 9.3 per cent, its share of loans for loan servicing (interest etc.) in the national income is 2.5 per cent. Other imperialist countries took loans from China's financial capital. So, unlike the opinion of a few Maoists, China is neither dependent on the imperialist countries nor is it a country exploited by those imperialist countries. On the contrary, it undoubtedly became a new Social-Imperialist country by 2014. It emerged as an imperialist power only because it is super-exploiting the working class of the country. It is beyond doubt that the speedy industrialization led to this change. The emergence of China as a global factory is strengthening the economic restructuring of the world and is changing the dynamics of the supply demand chain of the world economic system. It became a hungry dragon for energy sources and for raw material starting from iron ores to natural rubber.

### **The nature of Imperialism will never change**

Though imperialism weakened after the major changes in the world after the Second World War it did not end. In these conditions the great Marxist teacher Mao repeatedly said thus about the nature of imperialism – 'We are yet in the era of imperialism, the era of proletarian revolution. The scientific analysis of Lenin about imperialism based on the fundamental principles of Marxism is absolutely correct. The fundamental principle of Leninism is not out dated'. This principle of Comrades Lenin

and Mao is the basis for our theory and practice even now. So, as Marxism-Leninism-Maoism said, Imperialism does not have a long life. The imperialist parasitical capitalism on the death bed is the beginning of proletarian Socialist revolution. Imperialism would not step aside from history on its own wish. Imperialism will be eliminated totally from this earth only when the oppressed nationalities and masses unite and make the World Socialist Revolution a success in the leadership of the proletarian class. But as it reaches its last stage imperialism would fight for its existence more cruelly. This is the nature of imperialism.

We are presently living in a new world revolutionary era in the 21<sup>st</sup> century. After the demise of Lenin and Mao the situation of the world underwent major changes. The entire development of the history of the world proves that the revolutionary teachings of Lenin are correct and that Marxism-Leninism-Maoism is invincible. But history has its own twists and turns. Just as the revisionism of Bernstein and Kautsky came up after the demise of Engels, the revisionism of Khrushchev-Brezhnev came up after the demise of Stalin, in the same way the revisionism of Hua-Deng came up after the demise of Mao. In the Soviet Union, by 1956 capitalism was restored in the leadership of revisionist Khrushchev and revisionist Soviet Union became Social-Imperialism in the leadership of Brezhnev. After the demise of Mao, capitalism was restored in Socialist China in the leadership of Hua-Deng and it transformed into a Social-Imperialist power.

The present international conditions reveal the importance of taking up these tasks much more – exposing and eliminating world-wide revisionism, exposing revisionist China's Social-Imperialist class nature, to show the historic truth that like capitalist-imperialism social-imperialism too would fall, and to take forward the struggles of worker-peasant oppressed masses and oppressed nationalities against imperialism, all kinds of revisionism and all kinds of reactionaries.

But did revisionist China turn into a Social-Imperialist country (power)?

There is a serious discussion about this across the world for the past decade. The changes in China must be analysed in the light of the characteristics of imperialism that Lenin defined. Then we will be able to analyse the changes in China in a real manner. This is the correct method of Marxists-Leninists-Maoists. Let us briefly and simply analyse and synthesize the relation and connection between the main economic characteristics of imperialism as Lenin explained.

Lenin defined imperialism in a comprehensive and definitive way – ‘Imperialism is a special historic phase of capitalism. Its special nature would be three kinds – Imperialism is 1. Monopoly capitalism 2. Parasitic or decaying capitalism 3. Capitalism in the death bed’.

Lenin said there are five fundamental characteristics of the economic aspect of imperialism – ‘1. Centralisation of production and centralization of capital develop to the highest level and monopoly organisations with a decisive role in economic life emerge. 2. Bank capital and industrial capital merge to form ‘finance capital’ on the basis of which financial oligarchy comes to power. 3. More than the export of commodities export of capital gains great importance. 4. International monopoly organisations are formed that divide the world among themselves. 5. The division of the whole world would be complete among various big capitalist countries’<sup>12</sup>. The theory of Lenin on imperialism is the telescope and microscope for us to explain the reactionary nature of imperialism.

Now let us see the specific condition of China in the light of the aspects Lenin said.

#### **4. Monopoly Capitalist Organisations of China**

Bureaucratic monopoly capital and private monopoly capital is dominating China. Though Western and Japanese investments considerably entered China, the ruling class of China controlled the domination of foreign monopoly organisations on its economic system. It developed strong government and private monopoly organisations in

China. SOEs are officially owned by the government and are working like Chinese private corporations, i.e., as ordinary Multi-National Organisations(MNC) and TNCs<sup>13</sup> in the domestic and international market. The Communist Party of China and the state have more influence on the private investment corporations than in the other capitalist imperialist countries. The reason for this is that most of the owners and managers of these private corporations are members of the CPC. The bureaucratic bourgeois class and private bourgeois class are inseparably intertwined with one another. By 2002 one fifth of the private industrialists in China were members of CPC. Two-thirds were 'Red Capitalists'. The very big 'Red Capitalists' of China are in the list of Forbes Global billionaires<sup>14</sup>.

The strong government and private monopoly organisations now became 'global players'. This becomes clear when we see the advancement of Chinese monopoly organisations among the world biggest corporations. China is already in the third rank of Forbes Global 2000<sup>15</sup>, the index of very big and very powerful companies of the world. One hundred and twenty one companies in this list are Chinese. 524 are The USn companies. The average profit of these 121 Chinese monopoly organisations was 168 billion dollars in 2012. This is seven per cent of the gross profit of the 2000 very big companies in the world.

We see the same amount of dynamic, important, increasing Chinese share in the world's major monopoly organisations in the Fortunes global 500<sup>16</sup>, another index for very big corporations in the world that follows a different standard. Three of the ten ultra-super monopolies of the world are Chinese – Sinopec Petroleum Corporation, China National Petroleum and Energy Corporation State Grid. If we examine the countries of these big 500 world corporations in the beginning of 2000, China overtook Japan. Presently it is in the second place. Out of them while 73 are Chinese, 132 are of the US, 68 Japanese, 32 of France and again 32 of Germany. Chinese share is increasing in the world production and exports. The top position of the US imperialism is weakening. In the beginning of 2000

while 197 corporations of the 500 of Fortune Global were from the US, by 2012 the number went down to 132.

Some are mistaken that due to the domination of the exports from China through the organisations running with foreign funds, foreign MNCs dominate Chinese economic system. In fact, the percentage of total exports of the organisations running with foreign funds is gradually coming down. According to the statistics of the Chinese government, by 2012 this fell down by more than 50 per cent<sup>17</sup>. So now the trend is that the private companies in the local ownership would occupy a much bigger share in the export market.

According to Chinese statistics, 'Organisations running with foreign funds' to a large extent are not actually foreign. Hong Kong (this is part of China since 1997) based companies too are included. Hong Kong is a very big and the only source for 'incoming FDI' of China. By 2010 the incoming 'Foreign' Direct Investment amounted to 456.2 billion dollars (41 per cent)<sup>18</sup>. By 2010 the FDI accumulated from the US was only 78.7 billion dollars (7.1 per cent of the total).

There is a misunderstanding that imperialist countries like the US, Britain and Germany are dominating Chinese economic system. This is not correct. By 2010, the incoming accumulated FDI in China was only 197.4 billion dollars even when that from the US, Britain, Germany, France and Japan were put together. This is much less than half of that coming from Hong Kong alone (as per the above statistics). A little capital came from Taiwan, South Korea, Singapore and even the small island Macao (this too is now part of China). But none of these can be considered as foreign powers that could dominate or control the economic system of China. Thus, the analyses that foreign imperialist countries and their MNCs are dominating and politically controlling the Chinese economic system are wrong.

In 2010, the number of the rich in China reached beyond ten lakhs.

Out of them 251 were dollar billionaires. Six years back there were only 15 billionaires. Nearly half of the rich were traders. The rest were those who had shares in various companies or capitalists in real estate business or high level executives. Most of the super-rich of China are traders.

The developing Chinese capitalist class is much smaller than its competitor, the US. According to the CapGemini 2012 world property report <sup>19</sup>, China is in the fourth place in the rich (after the US, Japan and Germany). Thus, a super-rich class of monopoly capitalists was formed in China.

To summarise, Chinese monopoly organisations are the most powerful in the world. 'Monopoly is the strong economic basis for imperialism,' said Lenin. This is an index to say that China has developed into a Social-Imperialist country.

**Super monopoly profits** – The severe exploitation of labor of the working class and other toiling masses became the material basis for China to step ahead as an imperialist power. The structuralized centralized fascist bureaucratic state mechanism made possible the merciless exploitation of the toiling masses and the suppression of their resistance. It emerged out of the surplus value seized from the extremely severe exploitation of the toiling classes. This is the 'secret' behind the Chinese economic spectacle of conducting both the severe exploitation of the majority working class and the rest of the toiling masses and the exploitation of additional profits on a large scale. Chinese monopoly capitalists turned to be crueller than ever.

Gradually Chinese government took up large-scale lay-offs, restructuring, shrinking of the public sector and encouraged the private sector on par with it. Thus it successfully turned the labor power of Chinese workers into a commodity. Special laws with the slogans of self-reliance, discipline, don't hesitate to sacrifice, overcome difficulties, serve the people and the country and so on during the period of Mao in the Socialist

society too are being utilized in their favor to pave way for severe exploitation of the Chinese working class.

Poverty was in a severe scale in rural China and there were opportunities for employment in the cities. So lakhs of people, majority of whom were young peasants went to the cities in search of work. These earlier peasants or the peasant youth who went to the cities to China are the migrant laborers. The workers who went to the towns from rural area did not have houses, proper work, education, medical care and social security. Their living conditions were very pathetic. Many of them resided in ruined houses, tents, under the bridges, tunnels or car trunks. In no time they became the main source of severe exploitation for the capitalists. According to the China Labor Bulletin, the total number of migrant workers from rural areas is nearly 20-30 crores. Almost 14 crores of them are working in the cities. Forty per cent of the population of Beijing is migrant workers. Out of the one crore 40 lakh population of Pen Jhen one crore 20 lakhs are migrants. These migrant workers are normally forced into dangerous works and low salaried jobs. Fifty-eight per cent of the total industrial workers and 52 percent of workers in the service sector are migrant workers. A large number of these migrant workers amounted to a large scale unorganized sector and are accessible to severe exploitation owing to their horrible conditions. As per official statistics in the first decade of the 21<sup>st</sup> century, the organized sector among the urban workers was 30-37 per cent.

The main reason for the manifold profits of China is the severe exploitation of workers and the reduction of worker's salaries more than their actual value. The foreign companies too unleashed indiscriminate exploitation of the workers. Thus the share of the worker's salaries in the national income fell down. The share of manufacturing sector worker's salaries fell down from 52.3 per cent in 2002 to 26.2 per cent in 2008. The share of the total salaries in the GDP fell from 57 per cent in 1983 to a mere 37 per cent in 2005.

Chinese scholar Dang Tao published statistics suggesting the rate of exploitation of labor power of the workers that increased in China in a big way in the past two decades –

While the wages were less than ten per cent of the total value of Chinese industrial organisations, it was nearly 50 per cent in the developed countries in the same period. While the US industrial productivity in the Pearl River Delta area was around 17 per cent, wages were only 6.7 per cent. Compared to GDP, labor remuneration fell down from 53.4 per cent to 41.4 per cent in China in 1990-2005. From 1993 to 2004 there was a considerable fall in the total wages and the percentage of profits in the public sector organisations and heavy industries too, from 240 per cent to 43 per cent. If China wants to be a strong imperialist competitor it has to continue utmost severe exploitation of the working class. In order to compete with China, the US, Japan and other imperialist countries it has to necessarily shift its factories to backward countries. It has to severely exploit the working class and the toiling masses there.

## **5. Finance Capital in China**

The foremost economic character of imperialism is monopoly. The second is the development of finance capital and the oligopoly<sup>20</sup> of a few finance capitalists. Along with the emergence of monopolist hegemony in the industrial sector, monopoly appears in the banking industry too. By buying the shares of industrial organisations big banks enter the industrial sector. Industrial monopoly organisations enter the banking sector through buying bank shares. As a result monopoly bank capital and monopoly industrial capital merge to become finance capital. In China monopoly industrial capital and monopoly bank capital have not only emerged but are inseparably interwoven with one another and this has led to the creation of finance capital. In this process a few financial oligopolists emerged who exercised control over big amount of finance

capital. Chinese government is in the control of a few monopoly lords and has firm control on this sector. For example, the Chairperson of the beverage manufacturing organization Hong JouiVahaha group, the second richest person of China Jong Kwing Gou's family has an income of 68 billion Yuan. The Chairperson of Long for Properties of Beijing, Wu Yujun's family has an income of 40 billion Yuan. She is one of the richest persons in China. The family of the Prime Minister of China Wen Jia-bao is now a billionaire capitalist family. It owns property of 2.7 billion dollars.

Four of the ten very big banks in the world are from China. Industrial and Commercial Bank of China (ICBC) is the biggest among them. It owns a property of 2.8 trillion dollars. The rest are the China Construction Bank (with a property of 2.2 trillion dollars), Agricultural Bank of China (2.1 trillion dollars) and Bank of China (with 2 trillion dollars). These banks are the centre of China's financial capital. These 'big four' banks are in the leadership of senior persons of the power structure of the CPC. All the big banks of China are in the strong control of the Party and the government. This state control on the big banks of China is very important in many ways. This is the primary mechanism for the Party and the government to supervise the whole economic system, to invest more in the economic sectors which they wish to strengthen and encourage. Especially they encourage bank loans to SOEs. This is one reason for the hold of the government on public sector organisations in the Chinese economic system. The financial command of China is not as much considerably in the hands of the Wall Street<sup>21</sup> profiteers as that of the US. Monopoly control lies with the Chinese bureaucratic-private monopoly capitalist, 'ruling class' that became strong in the CPC.

The financial oligarchy<sup>22</sup> of China not only had control over political power in the country but also on the various fields of the superstructure. For example, seventy rich members of the legislative National People's Congress increased their properties much more. Their property exceeded the joint property of the 535 members, the President, his cabinet

members and the Supreme Court of the US Congress. In 2011 the collective property of these 70 lawmakers reached 565.8 billion Yuan (89.8 billion US dollars).

The duty of the Chinese banks is not only to finance the corporatization in the public and the private sectors but also to accumulate capital in China as per the direction of the government. Anyhow these heavy banks of China are utmost profitable. By 2012 ICBC alone had free tax profits of nearly 50 billion dollars. In the end of 2012, four big banks of China together achieved 150 billion Yuan (30 billion dollars). This amounts to one third of the profits of China. This is three times more than the total amount of four front rank banks of The US.

### **Labor Aristocracy**

Labor Aristocracy and Petty Bourgeois strata emerged in the process of development of capitalist China. They were around 10-15 crores. There were two aspects in this – One was that there were a large number of Trade Unions, Employee Organisations and Peasant Organisations in China from the past. Due to restoration of capitalism revisionists took over the leadership of these unions. They were in the leadership in the public and the private unions. This was the main source of Labor Aristocracy. Secondly, those in the bureaucratic strata were present in the Factory management, Service management, lakhs of comprador contractors, lawyers, academicians and engineers. This stratum known to be Professionals and Managers is serving the heavy China and foreign corporations and the Chinese capitalist class. This special stratum reflects the emergence of Chinese imperialism. In accordance with it the majority workers and peasants are very severely exploited and suppressed. The economic basis of this Labor Aristocracy and revisionism in the Trade Union movement is the super profits of the monopoly capital. In the imperialist system, when Labor Aristocracy appears, revisionist theory and line defending imperialism too emerges. Labor Aristocracy is bourgeois class

agents in the veil of workers. Revisionism is the theory of the bourgeois class in the garb of Marxism.

### **Economic anarchy is the character of capitalism**

China was not affected much by the over production crisis or the financial crises. It was because it was efficient in more speedily balancing the credit/debit weight. The stimulus packages of China were more effective in the financial crisis of 2008-09. The financial system of China is heading towards allotting capital in an anarchic manner as a part of market competition. Putting it in the light of MLM, this is inevitable in capitalism. It is like this. There was the 'new economic order' or 'dot com' boom<sup>11</sup> in the end of 1990s in the US. They invested heavily and unequally in the internet companies. Few of them could not make even a little profit and lost many billion dollars. After this loss there was another new wave in the allotment of capital in the US during the inflation in 2000-2006. This turned out to be the main home loan crisis, the sub-prime crisis in the end of 2007. The same thing happened in Japan in the end of 1980. This was the real estate bubble<sup>23</sup>. This burst in early 1990s. Crisis came to be known only when the bubble burst.

Many problems are continually coming up in the financial system of China like in all the capitalist-imperialist countries. For example, home loan crisis is coming up in China (in fact this crisis has existed in China for many years). In 2013, for the first time the sales of new houses exceeded trillion dollars<sup>24</sup>. The total value of the sales of new houses increased by 27 per cent since the previous year. By December 2013 the average prices of new houses in Beijing (one year before) increased by 16 per cent. In Shanghai it increased by 18 per cent. GuangJha, Pen Jhen saw a rise of 20 per cent (from the article, '*Housing sales in China top one trillion dollar*', *San Francisco Chronicle*, 2014 Jan, 21). Like in the US, though with different characteristics China too has a banking system in the control of the government. Presently there is large amount of over production in China

(like others). With this some new 'ghost cities' came into existence with thousands of vacated apartments and offices.

There are fundamentally no differences between Chinese capitalist imperialism and the other capitalist imperialist countries in this kind of economic anarchy. During the boom loans extend and there are property bubbles. Economic anarchy is the character of capitalism.

## **6. 'Export of Capital leads to hegemony of Finance Capital on the world'**

### **Export of Capital in the form of bonds and investment on loans**

As the great Marxist teacher Lenin said, emergence of monopoly organisations and export of capital are the characters of imperialism. This development is the result of the growth of large-scale export of capital in China.

The rapid growth of China as an exporter of capital took place at two levels. One was the Industrial Capital and the other was Finance Capital (bonds, loans etc.). Chinese imperialism accumulated capital from industrial production in a very rapid way as a result of which it could also accumulate large amount of Finance Capital together with its heavy Bank Capital. This is seen in the abnormal fast growth of the domestic and foreign exchange resources. These resources increased from 165 billion dollars in 2000 to 3,305 billion dollars by 2012 March. The foreign exchange resources of China are equal to that of the amount of the same of the six biggest countries after its place. Foreign exchange resources would be utilized as Finance Capital in the form of loans. A share of the surplus value achieved through the country taking loan goes to the shareholders. In order to have special utility rights over foreign exchange resources, they are normally stored in the form of relatively safe foreign government bonds, as a part of International agreements or in the form of bank deposits in the IMF. In fact, 3.3 trillion dollars of the gross property

of China are foreign exchange reserves. Most of them have been invested as capital in the form of foreign government bonds.

Presently the US bonds held by China made it the biggest capitalist lending money to the US. China is in the third place after two US government organisations as a money-lender that lent 1.73 trillion dollars to the US. Recently China's government capital started buying shares of loans of the governments in the Euro Zone.

China is an active money-lender in bilateral loans too. According to the Financial Times, the Chinese banks emerged as important finance organizations in the past few years. China is already giving loans to many backward countries more than the World Bank. China export-import bank and China development bank made agreements with the governments and companies of the imperialist countries for lending at least 110 billion dollars. When compared to the period in 2008 and mid-2010 the World Bank made agreements to lend 100 billion dollars.

### **Export of capital in the form of FDI**

China chose 'Go Global' strategy in 2000. It is because of the necessity of partly re-centralising the Chinese economic system in the direction of export of capital in the place of export of cheap commodities. Since then China has been implementing 'Go Global' strategy much more speedily. Prime Minister Wen Jia-bao said thus on 15<sup>th</sup> March, 2011 – 'We have to implement 'Go Global' strategy in a fast manner. We have to develop policies that support it and liberalise the processes of observation and acceptance. We have to support qualified persons and organisations to invest in the foreign countries. Let us encourage to conduct organisations in an active and regular manner internationally. Let us strengthen macro guidance to investments in foreign countries. Let us improve the mechanisms to take them forward and defend them and to protect the investments from dangers'. (Report on the work of the government, Xin-Hua net website, 5<sup>th</sup> March, 2011).

There are certain main objectives of the 'Go Global' strategy of China – It is to create and encourage 'Global Champions'. It means to compete with the big Multi-National Corporations based in China and the world famous brands in the International market in a better way. For example, the world's biggest manufacturer of pianos, China Pearl River overtook Yamaha in quality too. It is also obtaining foreign technique and knowledge much more easily. Foreign technology can be obtained more through OFDI than the FDI coming in through the foreign corporations. By establishing companies and the branches of companies in foreign countries the considerable hurdles for trade (like import quotas, tariffs etc.) could be solved. Thus 'Go Global' strategy came forth as a fundamental necessity for the export of capital. All the imperialist countries definitely need to search and exploit the most profitable places of the world for investing surplus capital.

From 2008, while on one hand the world economic crisis intensified, on the other China emerged as a major exporter of capital. Due to the financial and economic crisis of 2008 that spread to Europe from the US, many big private and public banks in the US and many capitalist countries became bankrupt. China utilised this situation when the governments of those countries were providing finance and investments to the Multi-National Organisations/Corporations in the form of stimulus packages and flooded its investments into the foreign countries. Chinese government and its new capitalist class are extensively investing capital especially for raw material and for industrial properties not in the country but outside. Chinese capital flooded in other countries also taking the chance of the closure of giving and taking of loans across the world, the reduction of share values and the increased demand from many corporations for money, all due to the crisis.

In 2002 the foreign capital of China was only 2.5 billion dollars. By 2007 it reached 18.6 billion dollars. This increased more than two times to 52.2 billion dollars in 2008. According to the estimation of Standard

Chartered Bank, it was 65 billion dollars in February 2009 itself. The statistics of this bank show that in 2009 while the FDI into China reached 80-100 billion dollars, the FDI of China in the other countries reached 150-180 billion dollars. Since China emerged as an imperialist power only recently, it is still a weaker power than the imperialist powers that hegemonise International Finance Capital for more than a century in the World market. So the old imperialist powers have much more shares of FDI than China. The shares of world FDI capital are like this – the US – 21.1 per cent, Britain – 8.1 per cent, Germany – 6.8 per cent, France – 6.4 per cent, Hong Kong – 4.9 per cent, Italy – 2.4 per cent, China – 1.7 per cent. China had a rapid growth in investing FDI capital since 2005. As per the official statistics of China, the FDI of the country from 2005 to mid-2012 went up to 344.8 billion dollars. The annual FDI capital that China invested in 2009-2011 exceeded its competitors Canada and Italy. Of late it reached that of countries like Germany.

According to Heritage Foundation, the most important countries that China invested in 2005-2010 were – Australia – 45.3 billion dollars, the US 42 billion dollars, Brazil – 25.7 billion dollars, Indonesia – 23.3 billion dollars, Nigeria – 18.8 billion dollars, Canada – 17.2 billion dollars, Iran – 17.2 billion dollars, Kazakhstan – 12.3 billion dollars, Greece – 5 billion dollars, Venezuela – 8.9 billion dollars.

China has the maximum rate of savings amount, heavy balance in current account, maximum money reserves of 1.95 trillion dollars in the world. A minimum estimate too shows that there are eight lakhs of employees belonging to Chinese corporations in the semi-colonial-semi-feudal countries. China's role is speedily increasing in the backward countries. In Latin America, China became the third biggest capitalist country after the US and Netherlands in 2010. In addition to the strategic investments like oil companies the Chinese monopoly organisations are concentrating on control of the most vital infrastructural projects like ports. China already invested 200 million dollars in the construction of a

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modern port in Gwadar in Pakistan. China Metallurgical Construction Corporation (MCC) seized 1.37 billion dollar worth Ramu Nickel mine of Papua New Guinea. This reveals the biggest investment of China in the South Pacific area.

Similarly, Chinese public sector naval giant KOSKO seized one of the very important and big ports Piraeus of Greece in the East Mediterranean area.

By the end of 2006 more than 5,000 domestic Chinese Investment entities established nearly ten thousand Foreign Direct Investment industries in 172 countries across the world. The capital accumulation of the FDI in the other countries came up to a total of 90.63 billion US dollars.

Since the banking system was in the control of the government, China was protected from the world crisis to a large extent. China was in a strong position and so it could invest in the foreign countries. Chinese government gave powers to the state and the local officers to accept investments through local companies below 100 million dollars in other countries. It encouraged the state and the local organisations to invest much more foreign capital. China is mainly concentrating on ores and power resources for its heavy industrial base. China entered into agreements of capital/loan of 46 billion dollars with Russia, Brazil, Venezuela and Kazakhstan for long term supply of oil. In addition to this Chinese companies are investing heavily in power companies. Chinese conglomerates<sup>25</sup> had to inevitably create or buy technology, bonds and marketing network in order to strengthen and develop industries through the wave of restructuring to compete at the world level.

As a shortcut to gain high position in the world corporate sector, Portfolio capital<sup>26</sup> of China was invested or shares bought from the Multi-National Companies. In 2004, the giant manufacturer of home equipment TCL agreed for a joint venture with the French telecom equipment and manufacturer Alcatel. China gained control of Thompson DVD, TV

operations in Europe. In 2008, CIFA, the manufacturer of construction machines of Europe was seized by the Zoom Lion Heavy Industry of China. Though there is a flood of foreign investments China is worried whether dollar would be stable or not. China invested most of its 1.95 trillion dollar foreign exchange in US Treasury bills and other US companies. Dollar might come down with the stimulus packages that the US released in a large amount and so Chinese leaders are very worried about the security and value of their properties. In 2007, China established China Investment Corporation with 200 billion dollars only to mainly invest in the world financial organisations and Multi-National Corporations. It established Asia Infrastructure Investment Bank<sup>27</sup> to obtain capital for its long aspired Silk Road and Belt projects and to tighten hold on Asia and Africa and establish hegemony.

The heavy financial resources of China are helping it expand its economic and political influence. In the ongoing process of giving and taking loans, China is one of the sources providing capital, loans and help to many economically backward countries. Jamaica is one example. While its ally countries the US and Britain were suffering from financial crises, China came forth with 138 million dollars to 'protect' this country. It gave large amounts of loans to Russia and Kazakhstan. China announced a 10 billion dollar capital cooperative fund and a 15 billion dollar loan for the Asian (North West Asian countries) alliance. Thailand, Malaysia, Philippines and other such countries that have strong relations with the US and Japan are looking towards China. It is thus clear that export of capital is the strong basis for the exploitation and oppression imperialism unleashes on most of the nationalities and countries and also that it is a strong foundation for the parasitic capitalism of a few rich countries.

**China is exporting heavy capital to Asia, Africa and Latin American countries for neo-colonial type of exploitation**

Let us see the examples of a few countries to know how China is

extensively exploiting the natural resources of Asian, African and Latin American countries and the general trend of this exploitation.

Laos is one of the utterly poor and backward countries in the world. This is to the south of Yunan province of China. Laos was destroyed in the occupational war of the US on Indo-Chinese countries. It is now facing a new kind of destruction due to China's capital and exploitation. China is exploiting the timber and mineral resources of Laos in a planned way. People of various nationalities are forced to leave their lands and live in the slums of cities like capital Vientiane. A large part of the rubber plantations is under the ownership of China. China is laying a railway line with an expenditure of 7.2 billion dollars from Kunming to Vientiane to transport timber, rubber, food crops, minerals and other such material. Around fifty thousand workers are working on the railway line. This line is important for China to conduct its activities in North West Asia. This line links to the main business centre Bangkok and from there it will be extended to Rangoon in Myanmar. China is running many Special Economic Zones in Laos. It is building many projects too. Gradually Laos is turning to be a state of, or a subservient nation to China.

### **South Asia-Impact of China**

The imperialist interests behind the expansion of China to Pakistan, Afghanistan, Sri Lanka and Nepal and its impact is a vital issue.

**Pakistan** – Presently Pakistan is a firm and reliable ally of China. China had been providing extensive military and economic help along with transfer of nuclear technology and diplomatic support in international affairs to Pakistan for the past decades. The objective of China's activities in Pakistan is to prepare the way for commerce and fuel resources up to the Gulf and Africa. This support of China to Pakistan is because of its strategic competition with not only India but the US too. In a direct response to the nuclear agreement between the US and India, China supplied two new nuclear reactors to Pakistan. China provided

considerable help in counter-insurgency to Pakistan. China invested heavily all over Pakistan. Trade between the two countries increased rapidly in the past decade. In Pakistan economic growth came to a standstill, incoming FDI decreased, unemployment and prices increased and there is has been severe exploitation. Due to these there is deep economic crisis. In this background capital from China is much more important to Pakistan's economic system.

Now China is constructing China-Pakistan Economic Corridor (CPEC) with a cost of 3 lakhs 30 thousand crore rupees (50 billion dollars) with the target of completing it by 2030. This corridor links Gwadar port in Baluchistan in Pakistan and Kashgar in Xinxiang province of China and will be the way of fuel resources and a naval base with a strategic importance to China. As a part of this, China is investing heavily on infrastructure projects. Roads, Railways and Pipelines are being laid in a stretch of nearly three thousand kilometres. Upgrading the Karakoram Highway linking Xinxiang to Pakistan is a part of it. There is a plan to link the Rail Line to this Highway. In the CPEC project China will obtain the right to utilize Gwadar port of Pakistan for forty years.

China is dependent on the Strait of Malacca<sup>28</sup> to cross the Indian Ocean. This is leading to disputes with neighboring countries. It is being isolated in Asia-Pacific countries. The US is dominant in this area. As a way out, CPEC came into existence with the aim of trade imports and exports with the support of Pakistan through the strategically important Gwadar port. In this process China made an agreement with Pakistan to extend economic help necessary for the construction of CPEC project, to strengthen the protracted relation with it and to repay the loan in the form of dollars for decades. This loan of China to Pakistan obviously does not help the people of Pakistan but they will have to bear the burden of it. They will not even get jobs. China is giving heavy amounts and drowning the political leaders of Punjab and Rawalpindi in greed. Moreover, it is deploying 15 thousand soldiers from its country in the name of protection

of the Chinese officers and experts working in this project. This will help China to have political, economic and strategic hold on this area.

China is attempting to control India's hegemony over the Indian Ocean. The existence of China here is making India increasingly worried. India is worried because these transport ways go through GilgitBaltistan of Kashmir (PoK) and because there are possibilities of deploying People's Liberation Army in the Indian Ocean. China has held a neutral position on Kashmir since 1963 and is going to discard it now. On the other hand, Russia is also not happy with the increasing strategic alliance between India and the US and so it is uniting the Russia Eurasian Economic project with CPEC. It is conducting joint military exercises with Pakistan. As an alternative to this, India is spending 500 million US dollars for the development of Chabahar port in Iran, a hundred kilometers away from Gwadar.

With the CPEC project China's domination will increase on the coastal area of the Arabian Sea too. With the increased hold of China on the Persian Gulf, Strait of Hormuz<sup>29</sup> will save a distance of 600 kilometers. The old sea route that China utilizes to go to Persian Gulf from the Arabian Sea from the side of Sri Lanka through the Strait of Malacca between the South China Sea and the North Indian Ocean would save a distance of 12 thousand kilometers. Thus, it would have more opportunities to import oil cheaply and as per its wish from Asian and African countries. In fact, this is the area that supplies maximum amount of oil to the world. This project will provide China direct relations with 60 countries. China will be able to control the traffic and oil supplies of other countries. The increasing competition from China is making the competing imperialist countries get increasingly intolerant. These countries are unable to accept the CPEC project. Anyhow, England is interested to invest in CPEC.

On the other hand, the CPEC project is displacing the people of Baluchistan and Sindh in a large way. Pakistan is not willing to pay

compensation to them. China too is not bothered about this problem of displacement. Thus, CPEC project has become a life and death problem of the people of Baluchistan and Sindh. Meanwhile, the flood of Chinese products into Pakistan is forcing the local small, middle class producers and handicraft persons into severe crisis. On the whole, the economic project of China-Pakistan reminds one of the US's Marshal Plan. It is ultimately a threat to the sovereignty of Pakistan.

**Afghanistan** – While NATO is withdrawing from Afghanistan, China has speeded up its economic, political and security activities in this area. In the recent years China initiated certain important economic projects in Afghanistan. Am yak copper mines and development of Afghanistan Oil-gas resources are part of it. After 2014, help and capital from Western countries have got reduced. Presently China has become a very big foreign capitalist in Afghanistan. China is improving its political and security relations with Afghanistan.

In June 2012, China and Afghanistan developed their relation to the level of strategic and cooperative partnership. China not only strengthened relations with the government but is also developing its relations with the Afghan Taliban. According to the recent agreements of security partnership there will be mutual exchange of security intelligence, cooperation in counter-insurgency and more training to the Afghan security forces. Shanghai Corporation Organisation (SCO) is active regarding the problems of Afghanistan since 2002. It included Afghanistan as an observer in 2012. Both China and Russia feel SCO must play a more active role in Afghanistan. On the whole, China is making moves in a political, economic and military manner to bring strategically important Afghanistan under its control.

**Sri Lanka** – China and Sri Lanka go well with each other and the relations strengthened since President Rajapakshe came to power in 2005. Now China is the biggest financier to Sri Lanka. Sri Lanka is important to China

because it is in the Indian Ocean. Ninety per cent of the oil imports of China travel through the waterways on the sideways of Sri Lanka. So China wishes a strong political partnership with Sri Lanka. China is financing Sri Lanka for the development of infrastructure for port facilities and for others. China is continuing this relation also to give a blow to India's domination in South Asia.

Mouthing a policy of non-interference<sup>30</sup> China is supporting the policies of the reactionary ruling classes in the backward countries as a part of its strategy for world hegemony. It supported all the reactionary policies of Colombo. China gave all kinds of support to the war of Rajapakse government of Sri Lanka against the Tamil national liberation struggle (LTTE). It drowned the struggle of LTTE in blood. Thousands of Tamil people, children and revolutionaries were cruelly killed in this white terror. It repeatedly objected to the UN's plans to investigate war crimes in Sri Lanka. It played a main role in providing weapons to the Rajapakse government in this war. Though war ended China continues to train and fund the Sri Lankan Armed forces. There are plans for joint operations.

Since 2009, China's main activities with Sri Lanka were in the form of the biggest financier lending heavily for infrastructure projects. China helped Sri Lanka to ably overcome the problem of being economically isolated. Most of the projects with China's funds are in the South and Central Sri Lanka. People are struggling on land-related issues. In this background, the US was prepared to leave Sri Lanka. China's imperialist interests in Sri Lanka are the main reason for the gap left from the irresponsibility of the Sri Lankan government in the war crimes, its disrespect towards human rights and lack of political solution for the Tamils.

**Nepal** – Since Nepal is between India and China it is strategically important for both the countries. Nepal had been continuing good relations with China and was always a close ally of India. Since monarchy

ended in 2008 its relation with China improved. The main interests of China in Nepal are – to see that Nepal government suppresses the political activities of Tibetan refugees, to gain the support of that government for PLA along the border, to develop its influence in South Asia and to open new trade routes through Nepal. The situation of Nepal between the expanding influence of China and the self-protective India is like this –

Since 2008, China intensified its political, economic and security activities in Nepal in a dramatic way. In a period after a decade the Prime Minister of China visited Nepal in 2012. He announced large increase of help from China. China expanded its diplomatic and military delegations in Katmandu and is encouraging the people of the two countries to visit mutually and opened China study centres across Nepal. The increasing influence of China in Nepal became a cause of serious worry for India. The petrol scarcity in Nepal in 2011 is the creation of India as a response to the increasing activities of China. India wishes to limit it through retaliatory measures. Though the Nepal Army traditionally has a close friendship with the Indian Army it is expanding relations with the People's Liberation Army (PLA) of China. Both the armies are conducting joint rehearsals. The military help of China to the reactionary Nepal Army includes equipment, training, infrastructure and exchange.

Most of the activities of China in Nepal are in the economic sector. China is one of the five countries providing 'help' to Nepal. Since the People's War ended China considerably enhanced its business and investments in Nepal. China is extending heavy loans for infrastructure and hydro power projects in Nepal. The investments of China in Nepal are contributing to the increase of tensions between China and India. For example, in 2008 there was an agreement to construct a railway line from Tibet to Nepal. This could help Nepal's economic system. But India is severely worried about it. This not only brings down the dependence of Nepal on Indian ports and Indian fuel resources but also creates a new great way for the entrance of China's products into South Asia. More than

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that, India is worried that this rail line will help PLA reach its border fast.

### **Influence of Chinese imperialism in Africa**

In Africa, the Chinese Social-Imperialists are doing what the Western imperialist countries did once upon a time. They targeted the African continent. There are abundant reserves of oil, iron, copper, gold and other ores here. Thirty per cent of the total resources of ores in the world are in the African continent. Forty-two per cent of Bauxite, 38 per cent of Uranium, 42 per cent of Gold, 55 per cent of Cobalt, 44 per cent of Chromite, 82 per cent of Manganese, 95 per cent of Vanadium, 73 per cent of Platinum is in Africa. China is in the top position in the world in importing many important ores from here. Thus, it is unleashing neo-colonial type of severe exploitation in this continent. The economic hegemony of China is increasing fast in many areas in Africa. Commerce between China and Africa has increased six times since 2000 and has reached 30 billion pounds<sup>31</sup>.

At present, China is buying one-third of oil from Africa, mainly Angola and Sudan. China is starting a new oil field in Sudan with a value of 800 million pounds. China has also laid a 900 mile long pipeline in Sudan with a capital of 8 billion pounds. China is spending 1.2 billion pounds to establish a new oil field in Nigerian Sea. China became a strategic partner in oil and mining sectors in Congo. It also got hold of mines in Zambia, textile industries in Lesotho, railways in Uganda, timber in Middle African Republic and retail trade development schemes in the capital city of every country. China needs to search for new markets for much more raw material and productive commodities in order to sustain its imperialist interests. The consumption of oil in China might increase by at least ten per cent per annum. Thus, the oil reserves in the country would be exhausted in twenty years. So it is in search of oil in other countries. The biggest oil reserves of the world are already in the control of the US and the Western countries. Forty-five per cent of the world's oil reserves are

with Saudi Arabia and Iraq. China is gradually becoming closer to these countries. Sudan is in the fourth place in supplying oil to China after Saudi Arabia, Iran and Oman.

Three Chinese government oil companies – CNPL, China National Off-shore Oil Corporation (CNOOC) and Sinopec are working in Africa. The activities of China in the oil sector are going on in Sudan, Angola, Nigeria, Algeria, Equatorial Guinea, Congo and Gabon.

2006 is a milestone in the relations between Africa and China. The President of China Hu Jin-tao and Prime Minister Wen Jia-bao visited ten African countries. The same year 48 out of the total 53 African countries participated in the third session of Forum of China and Africa Cooperation (FOCAC) in November in Beijing. China published a document ‘Policy of China in Africa’. The document mentioned the objectives of China and the ways to achieve them. The bilateral trade of 20 billion dollars in 2000 reached 55 billion dollars in 2006. Now China has become the third big commercial partner after the US and France. In 2004, China gave 156 loans of 1.38 billion dollars to 31 countries. Taxes on the imports of 190 products were made nominal. By the end of 2005, China took up 720 projects in Africa.

China is implementing Socialism in words and imperialism in deeds in the African countries. It is speaking out five principles in the name of Socialist foreign policy and is severely exploiting worker-peasant, and middle class people. Chinese imperialists speak about sincerity, equality, mutual interest, solidarity, joint development just for the sake of speaking and about ‘mutual exchange’, ‘respecting diversity’, ‘peace’ for Africa in each and every statement and declaration. The local exploitative ruling classes are happy with these words. Thus, China is deceiving African workers and peasants under the veil of Socialism. It is bankrupting and driving out African traders from the market. China made exports to Africa in an extreme way and so the industries of Africa were destroyed. Chinese

imperialists have destroyed the environment of Africa. They are distorting the demand of the people for All-African independence and unity. They are violating human rights. They have corrupted Africa. Due to the pollution of drinking water the people of agricultural nationalities of Ghana are increasingly angry with the illegal mining of China. China is repeatedly violating laws in this country. Thus, Chinese imperialists are intensifying neo-colonial type of exploitation to see that an independent and self-reliant economic system does not develop here.

### **China's capital into Latin America**

China's FDI is growing very fast all over Latin America. In Peru, in view of economic, environmental and social impacts there is gross violation of human rights. China mafias are nothing lesser than the foreign and local capitalist corporations in all kinds of exploitation. Trade between China and Latin America reached 261.2 billion dollars by mid-2012. This is equal to the trade between China-Africa. The capital of China in Latin America (including Brazil) exceeded that of Africa. In 2005, China Development Bank and Export-Import Bank of China gave more 'development' loans than the World Bank and Inter-American Development Banks. All the development activities here are going on only in the economic interests of Chinese imperialists and for their profit.

China is constructing many energy and infrastructure projects in Latin America. Jezouba Corporation of China is constructing two new hydro-electric projects with a cost of 4.7 billion dollars in Santa Cruz in Argentina. Sino hydro-power Company of China is building a 2.2 billion dollar hydro-electric project in Ecuador. China is seizing raw material and natural resources of Latin America. It is investing in copper of Peru, iron ore of Brazil and Soya crop of Argentina. Eighty-seven per cent of the China OFDI in Latin America is from the SOEs. Now the private corporations of China are exporting much more capital.

## **7. Formation of international economic, military blocks and the increasing hold of Chinese imperialists on them**

### **Shanghai Cooperation Organisation (SCO)**

Shanghai Cooperation Organisation (SCO) was formed on 26<sup>th</sup> April, 1996. Six countries – Russia, China, Kazakhstan, Uzbekistan, Kirgizstan and Tajikistan are full-time members in this. India and Pakistan were observer countries and obtained full-fledged membership in the SCO summit on 2<sup>nd</sup> June, 2017. SCO deals with political, economic and military issues. China and Russia have been taking up large-scale war exercises regularly from 2005. Through these, both the countries are giving an impression that they have deeper relations. The Collective Security Treaty Organisation (CSTO) that was a part of the defense agreement with the erstwhile Soviet states became part of SCO and now SCO is coming up as an alternative security alliance alternate to the US-led NATO.

### **BRICS**

Russia and China that have become Imperialist countries in the recent past and the main countries that have been gaining economic power – Brazil, India and South Africa came together to form BRICS between May 2007 and mid-2011. Though there are certain contradictions and conflicts between these countries and have different interests they established BRICS for their common interests. The biggest economic system and fastest economic growth among these countries is in China. The US and its allied imperialist countries are unleashing monopoly over IMF, World Bank and other International Organisations. BRICS countries do not have any schemes to withdraw from IMF and WB right now. But the BRICS countries along with China wish to establish new International economic and political organisations as an alternative to their hegemony and undemocratic aspirations. The leaders of BRICS countries decided to establish an International Development Bank as an alternative to the World Bank in the March 2013 Durban (South Africa) meeting and formed

the New Development Bank (NDB) in 2015. This is competing with the World Bank in arranging funds for infrastructure projects world-wide. It would also establish a 100 billion dollar worth 'Contingency Reserve Arrangement' to help the partner countries (of BRICS) fight back future financial crises.

China wishes to dominate the New Development Bank in the manner in which the US dominates IMF and WB. According to the initial plan BRICS countries must arrange equal share of money reserve of ten billion dollars for this bank. But China wishes to contribute large amount of money right in the beginning. Anyway, only China can arrange the heavy additional capital the bank inevitably needs later. BRICS countries signed an agreement 'to reduce dependence on the US dollar and the Euro' in the founding meeting. Due to unequal development in the world China is developing as an economic power in a rapid manner. It is a fact that the US is weakening economically. Economic competition between the imperialists is growing at a fast pace. The intensifying world economic crisis would continue economic competition in a stronger way. In the future, military race would increase much more according to the increasing economic race.

### **China's Military power**

China is not only a developing economic power but also a politically and militarily developing power. It developed its army with a hike of 170 per cent in its defense budget from 2002 to mid-2011<sup>32</sup>. According to SIPRI, China has the second largest military budget in the world. The US is the only country spending more than this. China is the fifth biggest country with nuclear power after the US, Russia, Britain and France. Chinese Army had been speedily modernized in the past decade. Now it has heavy military efficiency to make offensive wars. It recently proved that it can strike down satellites. China is the homeland for producers of heavy weapons. As per SIPRI China's monopoly organisations have the fifth place

among the competitors in the world arms market. When compared with the US or other imperialist countries China is constantly enhancing its military strength. The expenditure on the wages, food, houses and training of the soldiers of a division in China is much lesser than that in the US. The cost of construction of a tank, a jet plane, a missile sub-marine too in China is very less when compared to the US.

China is rapidly expanding the development and production of drones. Enemy drones are easily struck down with modern missile systems. By 2011 China had 280 operational drones. They are utilized in intelligence, surveillance, reconnaissance programs and in electronic warfare. China has a very modern drone program.

The reason for this large-scale arming in China is that it came late into the arena as a new Social-Imperialist power. Its neighboring areas are already in the influence of other forces of imperialist domination. Russia is in its northern and western directions. The US and Japan are the main dangers for China in the South and the East directions. China needs to face these and other imperialist countries to establish and expand its neo-colonialist sphere of influence in the backward countries. We have to understand the growing conflict between China and its neighboring countries Japan, Vietnam, Philippines in the East China Sea and South China Sea in this background.

Due to deficit in the budget of the US government and the economic crisis in the US and the world, there are cuts in the military expenditure of the US. Such cuts are seen in the other Western countries too. The seven countries of Europe – Britain, Germany, France, Italy, Netherlands, Poland and Spain that have been giving funds to NATO have already reduced it by more than ten per cent since 2009. The arms race of the super power Soviet Union and also the situation of the whole economic system being on the death-bed were the reason for the destruction and the process of degeneration of the economic system of Social Imperialist

Soviet Union.

### **Military activities of Imperialist China**

China is already militarily interfering in many countries in many ways. Though China did not yet get involved in the main imperialist wars, it is giving a very active support in the civil wars in many countries, in the people's rebellions, and to the comprador local governments in suppressing the national liberation struggles and the revolutionary struggles. In Chad it brought down the government that was not in favour of the Chinese imperialists and formed a favorable government. The President of Chad, Idriss Deby held a favorable position towards Taiwan regarding oil supply. So China extended diplomatic, military and economic help to the FUC rebellion going on against his rule. It brought another leader favorable to it in his place. China is interfering in many military conflicts in the world. For example, it had a role in the war against LTTE in Sri Lanka. In order to change the balance of forces in South Asia in its favor, it strategically handed over nuclear arms to Pakistan. It interfered and is interfering in Nepal and Afghanistan directly or indirectly on various occasions. It is interfering in Africa through political and diplomatic support, through the direction of the military advisers in the military advising and foreign diplomatic offices and military training to its diplomatic personnel. It is mostly selling or supplying military equipment and arms to the country favorable to it. In this regard there is no difference between other imperialists and the Chinese imperialists. It is already one of the active imperialist countries in this aspect. By 2012 China became the third biggest arms exporter.

Chinese Army is very rapidly catching up the US Army by enhancing its efficiency to protect its investment in other countries and to dominate the backward countries. Until now China was successful in building imperialist exploitative power to expand all over the world. Anyhow, it will inevitably be stuck in imperialist occupational wars due to its imperialist character, like the way the US got stuck in Vietnam, Iraq and

Afghanistan.

China agreed to join 'United Nations Peace Keeping' responsibilities in 1990. China sent small number of forces to Liberia (2005), West Sahara, Sierra Leone, Ivory Coast and the Democratic Republic of Congo. It decided to enhance its 20 thousand naval force in Gwadar Port in Pakistan (Baluchistan) and Djibouti Military Logistics Base in the Indian Ocean to one lakh. China has military alliances with at least six African countries including Sudan, Algeria, Nigeria and Egypt. It imparts military training to those countries in operating the arms it sells.

## 8. Chinese Social-Imperialism

Condemning the renegades of the Second International, Lenin said, 'Socialism in words and opportunism in deeds would turn into Imperialism'. Soviet revisionist renegade clique too developed from revisionism and turned into Social-Imperialism. If a revisionist clique seizes political power of a Socialist state, it would turn into Social-Imperialism like the Soviet Union, said Comrade Mao. This is a historic lesson.

"The historical lesson is: Once its political power is usurped by a revisionist clique, a socialist state will either turn into social-imperialism, as in the case of the Soviet Union, or be reduced to a dependency or a colony, as in the case of Czechoslovakia and the Mongolian People's Republic. Now one can see clearly that the essence of the Khrushchov-Brezhnev renegade clique's rise to power lies in the transformation of the socialist state created by Lenin and Stalin into a hegemonic social-imperialist power." (*'Leninism or Social-Imperialism?' 'In Commemoration of the Centenary of the Birth of the Great Lenin'* by the Editorial Departments of *RenminRibao*, *Hongqi* and *JiefngjunBao* and published in *Peking Review*, No.17, April 24, 1970).

The revisionist, renegade clique of China too turned into capitalism from revisionism in the name of 'China type of Socialism'. Putting it in the

words of revisionist Deng, 'All the economic relations must turn capitalist and political relations alone must be under single party domination with the name of 'Socialism' and 'People's dictatorship''. China turned into Social-Imperialism under this veil. Both the CPC and the government of China even now try to deceive that their country is still 'Socialist'. They try to make one believe that the present Chinese system is 'Socialism with Chinese characteristics'. They deceive by saying that 'the bourgeois economic reforms in the leadership of the Communist Party are Chinese kind of Socialism'. They extend it to say that 'by 2050 Socialist modernization must be achieved' and reiterate Chinese kind of Socialism. The CPC leadership continues to give the call in Conferences to 'take forward the ideal of building Chinese kind of Socialism in all sectors in the twenty-first century too'. It even now diverts the people deceitfully by distorting the four issues of 'Socialist society', 'Proletarian dictatorship', 'Communist Party leadership' and 'Marxism-Leninism-Mao Thought'. Whether in China or other countries revisionists alone distort the actual conditions. China deceives the people of backward countries in the name of Socialism and fulfills its Social-Imperialist interests. It is normal for the revisionists to show the public sector organisations (SOEs) and confuse Capitalism with 'Socialism'.

Chinese Social-Imperialism exploits the natural resources of the backward countries and other countries by exporting war equipment and capital and through unequal business. It interferes in the internal affairs of those countries and waits for opportunities to gain military bases. It competes with US imperialism. Thus Chinese Social-Imperialism goes round the circle of Imperialism. It implements Imperialism with Chinese characteristics. 'Imperialism with Chinese characteristics' is nothing but Imperialism. Since it does not act nakedly aggressive, does not give a chance for immediate antagonisms and deals in the maximum possible cunning and alert manner, it must be seen as dangerous Imperialism.

## **9. 'The history of imperialism is that of crises, wars, revolutions and counter-revolutions' is the slogan of Lenin**

Since the severe crisis regarding over-production became a worldwide crisis it is challenging the existence of capitalist system. As a large area with severely exploited crores of workers China became part of the world economic system and is contributing to over-production in a big way. Every imperialist power not only tries to reduce its expenditure but also tries to attack to degrade the living standards of their wage workers, especially the workers of colonial and semi-colonial workers to compete with other imperialist powers. New and unequal conditions are coming forth and are intensifying according to the relative changes in industrial production, export of capital, export of commodities and international financial conditions. With the intensification of unequal economic and political development between the imperialist countries, conflicts would inevitably intensify between them for markets, for bases of supply of raw material and for ways to export capital. In this internal struggle between the imperialists the very strong imperialist countries with maximum profitable production will become big and strengthen. Capitalists/Imperialists who cannot compete would weaken.

The internal struggle between the imperialists is leading to re-division of the world according to economic power. This will ultimately lead to world war. Lenin summarized thus—"The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. And they divide it "in proportion to capital," "in proportion to strength," because there cannot be any other method of division under commodity production and capitalism. But strength varies with the degree of economic and political development. In order to understand what is taking place, it is necessary to know what questions are settled by the changes in strength. The question as to whether these changes are "purely" economic or non-economic (e.g., military) is a secondary thing,

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which cannot in the least affect the fundamental views on the latest epoch of capitalism. To substitute the question of the form of the struggle and agreements (today peaceful, tomorrow warlike, the next day warlike again) for the question of the substance of the struggle and agreements between capitalist combines is to sink to the role of a sophist” (Lenin, Imperialism, the Highest stage of Capitalism, Chapter V)

According to this teaching of Lenin, it is inevitable for China to compete with the imperialist countries, especially the US for the re-division of the world and for the profits of finance capital, depending on the basis of its ever-growing economic power. The economic competition between them would inevitably lead to conflicts in political and military fields too. But they would also collaborate. Anyhow, collaboration is temporary and relative. Competition is permanent and absolute. This competition leads to Cold-War and regional wars in the military field.

The US aims to encircle and contain China. It is trying to strengthen its alliances around China, including Japan and India. It is expanding its military power in a big way and attempting to face the economic and military expansion of China in a stronger way. The rising imperialist power of China is trying to expand from its limited field and face its contenders.

China officially declared its foreign policy to establish ‘multi-polar world’. This is nothing but to challenge the uni-polar world of the US and enter into direct race with it. China obtained ‘Special partnership Status’ in SAARC and in the free trade area of South Asia. It made bilateral trade agreements with Brazil for supply of food and raw material.

The US ruling class and its allies indulged in imperialist occupational wars on Afghanistan and Iraq in the name of the 9/11 attack by al-Qaeda. They concentrated the international ‘war on terror’ mainly against the Islamic countries and the Muslim people. So they had to stop the planned increasing conflict with China and the measures of a new cold war with it. The US and its allies felt that they would gain an easy success over

Afghanistan and Iraq, later concentrate on Iran, Syria and North Korea and lastly see to the strategically dangerous China in a long term.

Instead, the US fell into the mire of imperialist occupational wars in Afghanistan and Iraq. People's resistance has been going on in these countries for a long time. The US is failing in this. Thus, the unity of 'coalition forces' in funding these wars and sending forces has been disintegrating.

Since the US is caught in Afghanistan and the Middle Eastern countries Chinese imperialism got a great chance of penetrating economically into the present world imperialist framework. The US became economically weak and so could not face the expansion of China in a strong way. There is one example. In the period after the US led occupational war, China gained big oil contracts from Iraq. The US is worried that China will occupy its place as the world's biggest economic system and that while its financial situation is weakening and budget deficits are intensifying the international financial resources and strength of China is increasing in leaps. Pentagon is unable to digest the expansion of military expenditure and strength of China every year. On the whole, the strength of China is rising and that of the US is falling.

The US ruling classes are in search of ways to overcome China in the international economic race. Trans Pacific Partnership (TPP) is a part of this search. This is a free trade zone being established for the US and all the countries of the Pacific Rim except China (though Donald Trump presently cancelled this agreement he must make it in another form. This is because Japan and South Korea not only did not accept this but also said that they would continue to cooperate as per this agreement). This is leading to the formation of two competing economic/political/military alliances in the world capitalist-imperialist system. Though imperialist countries collaborate to exploit the backward countries utilizing international forums like WTO, international trade war is increasing from

the US and other imperialist countries against China in WTO. All the main imperialist countries that are part of WTO violate its rules. They deceive the member countries and one another. They sell away their commodities for lower rates in the foreign market or 'dump' them in order to seize their market share. They utilize the opportunity of subsidies in exports. They assure military help if given contracts to their corporations. They indulge in inappropriate measures like corruption.

Like the US, China too is establishing free trade organisations averting its competitors. For this, it is trying to form economic/political/military alliances against the US and its close allies. Shanghai Cooperation Organisation (SCO) that is centered around China and Russia is an example. These countries are operating SCO as a defense block and BRICS as an economic block.

### **Silk Road Free Trade Zone or the OBOR project**

China is establishing a 'Silk Road Free Trade Zone' with the middle Asian countries of Kazakhstan, Uzbekistan, Turkmenistan, Kirgizstan and Tajikistan. For this purpose, China initiated One Belt One Road (OBOR) project with the active cooperation of Russia with an investment of one crore 65 lakh rupees. Asia Infrastructure Investment Bank of China, New Development Bank of BRICS and Silk Road Fund organisations are providing economic help to OBOR. SCO totally supported OBOR in its summit in 2016. OBOR is not an ordinary project. It is a joint project of six economic corridors. These corridors start from China. The objective of this scheme is to develop road, rail and sea routes from China to the rest of the areas in Asia and to African and European continents. These lines will link East Asia to the economic zones of Europe. The first line will go towards Central Asia and East European countries until Kirgizstan, Iran, Turkey and Greece. The second will pass from Central Asia towards West Asia and the Mediterranean Sea. This will help China reach Kazakhstan and Russia. The third line will go towards the South Asian country

Bangladesh. This is called Bangladesh, China, India, Myanmar (BCIM) Economic Corridor. The fourth line will link the strategically important Gwadar port of Pakistan to Western China. This is known as China-Pakistan Economic Corridor. The fifth line is the sea route that goes from Singapore to the Indian Ocean through Thailand and Malaysia. The sixth is the Mongolian Economic Corridor. This project makes Nepal, Afghanistan, Pakistan, Iran and other Asian countries part of Central Asian Free Trade Area through these six land and sea routes and also aims to link the 65 countries of African and European continents. Leaders of twenty-nine countries of Asia, Africa, Europe and South America attended the international seminar on this project held in Beijing on the 14<sup>th</sup> of May, 2017. The US, Japan and many other countries sent their delegations. In essence this is the strategic project of China with the cooperation of Russia and partner countries as an alternative to the US imperialist hegemony on the sea routes.

On the whole, China's economic clout has increased world over. Since China gave funds to the US to bridge the financial and trade deficit it has many favorable conditions. China is having the upper hand on occasions of economic conflict with the US. The US has a lot of limitations in attacking or imposing sanctions on China. Though the US and China collaborate in many issues there is severe competition between the two countries regarding seizure of markets for profit.

Russia and China have common interests. This is seen in rejecting the hegemony of the US in the present international system, the aspiration to end US hegemony and the preparations for using their strength for the same. Russia and China are not worried that their relations with the Western countries and neighboring countries will get strained. They are using their strength and dealing according to the interests of their country. For example, Russia unilaterally decided to merge Crimea. With Russia's support Crimea conducted a referendum in a unilateral manner and separated from Ukraine to join Russian federation in March 2014. Western

countries severely condemned this decision and imposed sanctions on Russia. In November 2013, China unilaterally announced its establishment of Air Defense Identification Zone (ADIZ) in South China Sea. It warned the world that it has to be notified before flying in this zone. Two fighter planes of China narrowly escaped from two scout teams of Japan in the area overlapping the ADIZ of Japan. In May 2014, China National Offshore Oil Corporation (CNOOC) established a big oil rig in the waters around the disputed ParacellIslands of Vietnam in May 2014 and started drilling without the notice of anyone. It sent its naval forces into those waters. It is repeatedly getting into conflicts with fishing and public boats of Vietnam in this area.

Russia and China are two strong powers in Eurasia. The two countries are also permanent member countries in the United Nations Security Council. Russia and China are repeatedly opposing the control of international politics by the US and Western countries. Russia and China made use of their veto power on various occasions since the end of the Cold War. For example, in 1999 these two countries in the United Nations Security Council opposed imposing military power when Kosovo War broke out. They held a joint position in the Council in opposing sanctions against North Korea and opposing interference in the Syrian Civil War.

The measures of China in South China Sea and East China Sea are to claim its rights over the area. The declarations and documents Russia and China released indicate that the two countries are opposing the US's hegemony as a single superpower. In May 2014, Russia, Belarus and Kazakhstan established Eurasian Union and signed an agreement towards the formation of an economic block. Regarding military matters Russia considers Collective Security Treaty Organisation (CSTO) important. This organization includes Russia, Armenia, Belarus, Kazakhstan, Kirgizstan and Tajikistan. Russia's policies regarding other regions in Ukraine and European Union are such as to get these areas under its control.

Since Hu Jin-tao came to power as the Prime Minister, China claims to have transformed into a strong Sea power. Since Xi Jin-ping became the President he is praising 'Chinese dream' and 'Great revival of the Chinese people'. When new world power relations were proposed in the summit of President Xi and US President Barack Obama in June 2013, he said that the Pacific region would provide enough space for the US and China. Xi's statement clearly shows the scheme of China to divide the Pacific region between the US and China and rule. More than the US, China is eager to create a favorable situation for it. Its scheme is like this – Firstly to establish domination on China's Nan SiyuIslands, the Strait of Bashi between Taiwan-Philippines and the whole of first island collective of South China Sea; then to build network in a corner with bases in the sea waters spread from the Indian Ocean to the Middle East (West Asia) in the sphere of thesecond island collective spread from Ogasawara Islands until Guam (known as Pearl Necklace). So the present measures of Chinese imperialism in East China Sea and South China Sea must be understood not as attempts to decide ordinarygeographical disputes but as a step in this plan. China plainly says that if the US wants much more surplus capital of the Chinese, it has to hand over Taiwan and stop harassing about the rights of China over Tibet. This is the actual relation between the newly emerged ChineseImperialist power and the weakening USSuperpower. Certain important developments and trends came up in the international sector. They are –

1. The gradual weakening of the US from the general capitalist crisis in the form of stagflation<sup>33</sup>since 1970s much more weakened due to the home loan crisis in 2008; it is now facing more competition from Russia and China in the political and military fields.
2. There is a rise of protectionism in the economic sector and racism and fascism in the political sector in imperialist countries and capitalist countries.

3. Competition is growing between the imperialist countries to exploit the resources and markets of backward countries.
4. US imperialism, that was the only superpower until now, is trying to consolidate its position. Russian imperialism is attempting to sustain its spheres of influence. China rose as an imperialist country and is making serious attempts at the re-division of the world market and so there is a rise in contradictions between the US and China. Consequent to the increasing race between the US and China for the re-division of the world there are world-wide geo-political re-alignments. In Europe the race between Germany and France is on the rise. These developments reflect the situation of balance of forces of the main imperialist countries.

Though there is no possibility of war between the US and the China/Russia blocks in the near future, many indirect wars are possible. Anyway, the US is aggressively encircling Russia and China. NATO is expanding the wars in Afghanistan and Pakistan. It is going to stop Russia in the Arctic. We can see that China is rearming from the warnings of the US-led block. So China/Russia block has become the main competitor of US imperialism. China is competing with the US in each and every place to fulfill the increasing market necessities of Chinese imperialism, for control over oil and important ores and to exploit the world in general. Thus China/Russia block has already emerged as the main threat to the US hegemony in the internal struggle of imperialism going on for the re-division of the world.

### **Conclusion**

The three fundamental contradictions of the world – the contradiction between imperialism and the oppressed nations and people; between the bourgeois class and proletariat in the capitalist and imperialist countries; among the imperialist countries and among the monopoly

capitalist alliances are sharpening. The contradiction between imperialism and the oppressed nations and people is the main one. This contradiction influences the other contradictions in a decisive manner.

The people of Africa, Asia and Latin America facing imperialist exploitation, oppression, suppression, occupation, treachery, interference, domination and discrimination are awakening and resisting. People's participation in struggles against the imperialists is increasing. The contradiction between Chinese Social-Imperialists and the oppressed nations and people and the contradiction between the bourgeois class and the proletariat in China are increasing and the people are struggling against Chinese imperialism in various forms. Countries want independence, Nations want liberation and People want revolution. All these struggles will advance as people's waves invincibly until the end of imperialism. The great Marxist teacher Mao said on the occasion of the victory of the Anti-Japanese War – "The world will unquestionably take the road of progress and not the road of reaction. Of course, we must remain very much on the alert and reckon with the possibility of certain temporary or perhaps even serious twists and turns in the course of events; in many countries there are still strong reactionary forces which begrudge the people at home and abroad their unity, progress and liberation. Anyone who loses sight of this possibility will make political mistakes. The general trend of history, however, is already clearly decided and will not change."<sup>34</sup>

Due to the betrayal of the revisionists with the support of the imperialists the world proletariat lost Soviet Union, Socialist China and the whole Socialist camp. Now there is no base for them. The situation before the October Revolution has returned. Considering all the characteristics in the situation, though there are big dangers and challenges due to negative aspects, there are favorable factors that pave way for greater opportunities more than at any time in the past history. Undoubtedly, the world proletariat is facing big challenges and a difficult

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situation. But the over-all situation is like 'A spark can light a prairie fire' and 'Armed Revolution is facing armed counter-revolution', as Comrade Mao suggested.

Imperialism in death-bed is making occupational wars on many backward countries, igniting local/regional wars and became a major danger to the oppressed people of the world. In the race between the imperialists they are forming economic and military blocks in a planned manner to re-divide the world for their market interests and are making preparations for another war on a world scale. As has been said earlier, the proletariat, the oppressed nations and people of the world are opposing and resisting counter-revolutionary wars of the imperialists through occupation and interference. We have to mobilise the world proletariat, Maoist parties and organisations, oppressed nations and people in the light of Marxism-Leninism-Maoism and fight with the aim of eliminating imperialism and all kinds of reactionary forces causing these wars. If imperialists enter into the Third World War, the world proletariat must take up the tactics to transform this war into a civil war with the objective of eliminating them and make the proletarian revolutions successful. We have to fight back all the conspiracies of the imperialists and revisionists to instigate bourgeois nationalist chauvinism and split the oppressed nations and masses. We have to take up the task of making the socialist revolutions successful by uniting with the proletariat class and the middle class of the capitalist and imperialist countries with the aim of making the World Socialist Revolution a success. We must make successful the New Democratic Revolutions and the National Liberation struggles in the backward countries. In the present excellent revolutionary situation revolutions might break out and stop the war. If revolutions are late the contradictions among the imperialists will intensify and may lead to world war. If so, the proletariat of the world should utilize the anger raging in the people due to the severe crisis and war, give a blow to imperialism and its agents in their countries and make the revolutions

successful. Whichever of these two happens, revolution will be the main trend. No power in the world can stop this trend.

- **The proletarians have nothing to lose but their chains! They have a world to win!**
- **Workers and Oppressed People of all Countries, Unite!**
- **Let the ruling classes tremble at a Communistic Revolution!**
- **Down with Imperialism and reactionaries of all Countries!**
- **Down with Chinese Social-Imperialism!**
- **Down with all kinds of revisionism!**
- **Long live the unity of Proletarian Revolutionary Parties and Organisations of various countries!**
- **Long live the unity of anti-Imperialist Revolutionary, Democratic Organisations and Forces!**
- **Long live the unity of the Workers, Oppressed Nations and Oppressed People of the world!**
- **Long live World Proletarian Revolution!**
- **Long live Proletarian Internationalism!**
- **Long live Marxism-Leninism-Maoism!**

## **Notes**

1. Revisionist theory of 'forces of production' – There are two aspects in forces of production. One is the human beings and the other is the instruments of production. Of the two, humans are the main and decisive. But revisionists pay importance to the development of

instruments of production. The revisionists who advocate the 'theory of forces of production' say that we have to depend on bourgeois experts to develop the instruments of production, that we have to import them and modern knowledge from foreign countries and that production would develop only through developing science and technology and thus the economic system develops. In a way, the theory of 'forces of production' means giving importance to modernization and profit against class struggle and to increase the capacity of productivity through material incentives. Revisionists brought forth this theory in opposition to proletarian revolution and proletarian dictatorship. The revisionist leaders of the Second International, Bernstein and Kautsky, the traitors of revolution Trotsky and Bukharin in the Bolshevik Party in Russia, leaders of right and left 'opportunist' revisionist line Chen Tu-shiu, Li Shao-chi, Lin Piao, Deng Hsiao-ping of CPC in China brought forth this theory in their times. p. 11.

2. Pragmatism – Pragmatism is a trend that started in the US in the 1870s and is popular in the capitalist world, especially in the US. It says that the criterion for the value of knowledge is its practical activity but not in accordance with the objective reality. Truth is that which is in accordance with the individual's subjective interest. Any concept that achieves practical success is the real truth. Objective reality is nothing but 'experience'. It means that any reactionary policy or theory that achieves success can be justified. This clearly reflects the interests of the bourgeois class. p. 15.
3. Million means ten lakhs. Dollar, the US currency is equal to 66-67 rupees as per the present international financial value. p. 17.
4. One Billion is equal to 100 crores. p. 20.
5. Profit Partnership Agreements – Due to the reforms taken up after the restoration of capitalism in China, the earlier Socialist policy of planned economic growth too was put aside. The sectors of

production led by various levels of government organs from top to bottom were brought under private ownership in a process. Subsequently, the local planning development policy implemented in the leadership of the lower level (local) government organs was abolished. With this the contract-based trade of production/service sectors came into practice. The responsibility of supervising the plans of production/service sector was removed from the limits of local government organs. They were limited to hold talks with the responsible contractors/capitalists about the shares of profit out of the contract businesses to be paid to the government and make agreements. These agreements of the local government organs with the capitalists were called Profit Partnership Agreements. This agreement is about the share of their profit the private companies pay to the government. p. 20.

6. Yuan is the Chinese currency and in March 2012 one US dollar was equal to 6.3 Chinese Yuan. p. 22.
7. Protest demonstrations in Tiananmen Square— During the spring of 1989 pro-democratic students held large-scale demonstrations all over China. They demanded democratic reforms. With the death of the ex-General Secretary of CPC Hu Yao-bung in April 1989 these demonstrations in Tiananmen Square in Beijing reached the zenith. In this movement the demonstrators defied government prohibitory orders and continued the agitation. They demanded that the leader of CPC, revisionist Deng and his associates step down from power. On 20<sup>th</sup> May government imposed Martial Law. The US imperialists encouraged this so-called 'Democratic movement' in all possible ways. The revisionist Deng government deployed Army and very cruelly suppressed these demonstrations. Hundreds of demonstrators died in the attacks of the Army on 3<sup>rd</sup> and 4<sup>th</sup> June, 1989. Thousands were injured or arrested. There were large scale hangings. p. 23.

8. Western style private Monopoly Capitalism – Capitalism and Monopoly Capitalism first came up in West Europe and The US and exist in a big scale. Monopoly Capitalism developed gradually from the severe competition in the private capitalist economic system in the capitalist imperialist countries. This is the Western style private monopoly capitalism. Government monopoly capitalism emerged only after the private monopoly capitalism developed to an extent and to serve this private monopoly capital when state power and monopoly capital merged into one. p. 23.
9. Inputs are the support extended from outside to a specific process (production, service or operation). For example the raw material, water, electricity and other such infrastructure that helps for production, labor power and other such things. p. 24.
10. Contract Labor system is ‘Labor Contract method’ that gradually reduces the number of permanent workers and employs temporary workers and seasonal workers in large number. p. 27.
11. New economic system of The US-dot com boom-collapse – In the end of 1990s The US imperialists developed e-commerce (electronic trade transactions) in a large scale different from the conventional methods, depending on internet. This e-business developed considerably in 1999-2002. According to the statistics of the US bureau, it was 15 billion dollars in 1999 and grew to 44 billion dollars in 2002. The momentum slowly came down and in 2000-2001 e-business became largely bankrupt. The dotcom bubble that started and grew from the end of 1990s burst by the beginning of the 21<sup>st</sup> century. In 1999-2001, nearly 520 e-business organisations either stopped their business or became bankrupt. According to Fortune magazine one lakh employees were thrown on to the streets (were lay-offed). p. 33 and 45.
12. Lenin, Imperialism, the Highest stage of Capitalism. p. 37.

13. MNC, TNC – MNCs are large monopoly capitalist organisations of the imperialist countries. Most of the units of these organisations exist in the backward countries. The MNCs exploit taking chance of the low wage scale of the workers and exporting capital to such countries. TNCs are monopoly organisationsofa country. On some occasions MNCs also work as TNCs. Both of these have worldwide activities. They grew unlimited since 1960s. They have large properties. p. 38.
14. Forbes Global Billionaire list – This is a list of billionaires in the world. Forbes magazine of The US publishes it. p. 38.
15. Forbes Global 2000 – This is the list of biggest and most powerful companies of the world. Forbes magazine of The US publishes it. p. 38.
16. Fortune Global 500 – This is the list of 500 The US centered big corporations of the world. Forbes magazine of The US publishes it. p. 38.
17. Statistical Communiqué of the People’s Republic of China on the 2012 National Economic and Social development, National Bureau of Statistics of China, February 22, 2013. p. 39.
18. KeasDavis, Inward FDI in China and its policy contexts, 2012, Columbia FDI profiles, 2012, October 24<sup>th</sup>. p. 39.
19. Cap Gemini 2012 world property report shows the property of the rich in the world in the year 2012. p. 40.
20. Oligopoly – Oligopoly is the economic hegemony of a few finance capitalists. p. 42.
21. Wall Street is a major stock exchange in New York City of The US. p. 43.
22. Financial Oligarchy – Financial Oligarchy is the alliance of finance lords that holds control not only on the political power of the country but also on various sectors of the superstructure. p. 43.

23. Real Estate Bubble – On 15<sup>th</sup> October 2008 alone, The US stock market lost one trillion and one billion dollars. In the month of September it lost 7 trillion dollars. On the whole it lost 27 trillion dollars by mid-October due to the crisis in the world market. The banks lost 700 billion dollars along with 2.5 trillion dollars of pension funds. The loan policy became corrupt, its influence came down and there were serious consequences. The home loan crisis was a catalyst to these developments. Sub-prime is a new poisonous trend that Finance Capital created.

Sub-Prime – We need to know about the method of loans in The US to know about sub-prime. People taking loans in The US are classified into two types. 1. Those who take prime loans. Prime loans are given only to those who have enough properties to repay the loan. 2. Those who take sub-prime loans. These loans are given to those who are not qualified. They need not show guarantee for the loans. Of late the money from mortgaging a house is given in the form of a security bond in the finance market. Real Estate traders in The US obtained loans with such security bonds. In fact such security bonds have no guarantee. Loans on this basis would not work. The US banks gave crores of dollars of loans in this way without any guarantee and could not regain them. Thus Sub-prime crisis broke in the end of 2007 in The US. p. 45.

24. Trillion is equal to one thousand billions or one lakh crores. p. 45.
25. Conglomerates – Conglomerate is a Monopoly Capitalist organization. It invests in the industrial sector and service sectors like banking, transport, insurance, consultancy and other service sectors in its sphere. The characteristic of the conglomerates is to have economic hegemony on industries of various sectors. p. 50.
26. Portfolio Capital is the Capital in the form of Treasury bonds, Securities, Stock market shares and invested in developmental

activities. p. 50.

27. China imperialists established Asia Infrastructure Investment Bank to compete with the US to expand their hegemony in Asia. Various countries contributed capital in this Bank but China took the lead in establishing it. p. 51.
28. The Strait of Malacca of North West Asia separates Malaysia and Indonesia. It links Northern Indian Ocean and South China Sea. It is 800 kms long and 60-480 kms wide. There are many islands to the South of it. This strait is one of the important sea routes in the world. p. 53.
29. Strait of Hormuz is a strait between Iran and Arabian islands. It links the Persian Gulf and the Arabian Sea. It is 270 kms long and 50-80 kms wide. It is strategically and economically important in transporting oil through sea routes all over the world. There are three islands in this Strait namely Tunb Al Kubra (Big Tunb) Tunb Essughra (Small Tunb) and Abu Musa. Iran seized them in 1971. United Arab Emirates claims these islands and named them Qeshm, Hormuz and Hengam. p. 54.
30. Non-Interference policy is the policy where there is no interference in the affairs of other countries or violation of their sovereignty. p. 56.
31. Pound or Pound Sterling is the currency of Britain. Presently one pound is equal to 77 rupees. p. 58.
32. From Michael Probsting's 'China emerges as an imperialist power'. p. 62.
33. Stagflation (Stagnation+Inflation) – This means economic growth comes to a standstill and currency notes grow intensely. To put it more simply the demand for commodities go down and the prices go up in an extreme manner. With the demand for commodities going down industries are affected with over-production and are

closed. Unemployment rises. The prices of goods of daily lives shoot up. People cannot afford to buy. More industries are closed, number of the unemployed increase much more, the prices go on increasing – thus the crisis intensifies. It is impossible for the economic system to overcome such a crisis. Revolution or War is the only way out.

It is interesting to note that stagflation was not seen before the Second World War. Whenever there was a crisis of overproduction prices fell extremely in the period of crisis or recession. The prices started growing in the later recovery and boom periods. Thus, the cycle was completed. This continued until 1914. Later this cycle did not continue until the Second World War but prices fell during the crisis. Prices fell extremely during the inflation of 1929-32. But after the Second World War, mainly since the 1973 crisis in spite of the decrease in demand and closure of industries due to overproduction prices are not going down. Bourgeois economic theoreticians who say that prices will go down due to the competition between the capitalists are unable to explain the reasons for stagflation. Perhaps they do not dare to tell it even though they know about it. p. 73.

34. Selected Works of Mao, 'On Coalition Government', 1945, April, 24<sup>th</sup> Volume 3. p. 75.